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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL BUSINESS

Khomeini warns Iran's President

Avatollah Khomeini, Iran's revolutionary leader, yesterday issued his most severe warning to the country's President Bani-Sadr and the ruling revolutionary council. He said they should resign if they could not establish a truly Islamic government responsive to the needs of the people. The Ayatollah's criticism is likely to erode further President Bani-Sadr's position. Back Page

Troops to stay

The Soviet Union made it clear that there would be no further withdrawal of its troops from Afghanistan until foreign interference in the country's internal affairs stopped. Page 2

Budget agreed

The European Parliament voted overwhelmingly to make only minor amendments to the latest EEC draft budget, apparently ending a six-month community row. Revolt fades. Page 2

Briton missing

Britain has asked Vietnam for information about the disappearance of Robert Asher, 27, a charity refugee worker, who was last seen on Thursday on the Thailand-Kampuchea border. He went into the bush with a French doctor and two American photographers, accompanied by Vietnamese soldiers. U.S. may boost arms sales to Hanoi. Page 2

School milk

Minister of Agriculture Peter Walker held out the prospect for the return of free milk in schools through EEC subsidies. Page 3

Soviet plane down

A Soviet TU-16 reconnaissance-bomber aircraft crashed into the Sea of Japan as it circled a Japanese naval ship, which later recovered the bodies of two airmen.

Hunger strike end

Mass murderer Archibald Hall, 55, ended his 335-day hunger strike at Wakefield jail. He began his protest because the Home Office refused to let him serve his sentence in his native Scotland.

'Bribes' probe

Rolls-Royce said its investigation into bribery allegations made by Labour MP Jeff Rooker was unlikely to be completed before the middle of next week.

Award allegation

Former managing director Edwin Hearn was remanded in custody at a Bury St. Edmunds court on fraud and forgery charges, including one of falsely obtaining the Queen's Award for Industry for a Suffolk engineering company, which ceased trading in 1975.

McEnroe battle

John McEnroe, the No. 2 men's seed at Wimbledon, was nearly eliminated in the second round when he was stretched to five sets by Terry Rocavert, ranked 19th in Australia. Page 15

Stubbs find

A painting of a lion and a lioness, identified by Christie's as a Stubbs, was sold for £60,000 to a London dealer. It had been insured for £200.

Briefly...

Seven Jamaican soldiers were charged in connection with an alleged plot to overthrow the country's Government.

Israel's national airline El Al is to cut the Israel-UK apex fare to £135 return next winter. Temperature in Dallas, U.S. rose to record 113 deg. Fahrenheit. Three people have died in the heatwave.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	
BEC	23 + 21
Cashew	222 + 8
Highland Distill	147 + 20
Johnson Matthey	387 + 20
Mining Supplies	108 + 6
Nichols (Vint)	406 + 15
Rolls-Royce	72 + 5
Scapa	77 + 7
Tel. Rentals	233 + 9
Berkeley Explor	256 + 16
Clyde Pet	624 + 34
IC Gas	874 + 20
LASMO	792 + 42
Siebens (UK)	284 + 34
Arcentrol	400 + 14
Anglo Amer Corp	595 + 20
Gold Mt. Katgornie	434 + 43
Otter Exploration	106 + 18
Poseidon	297 + 18
Roan Cons.	200 + 10
Simmer and JALL	160 + 5
FALLS	
Trans. 11pce 2003-07	187 - 7
Appleyard	42 - 6
BAT Inds.	353 - 5
Brown and Jackson	128 - 3
Ferranti	585 - 10
Haslemere Estates	334 - 8
MEPC	210 - 8
Manor National	19 - 3
Meyer (Mont. L.)	92 - 3
Mothercare	242 - 7
Muirhead	118 - 7
Redland	172 - 5
Tube Invs.	266 - 6
Woolworth (F. W.)	584 - 3
Haoma Gold	114 - 4

BNOC to link with foreign groups in world oil search

BY RAY DAFTER, ENERGY EDITOR

BRITISH NATIONAL OIL Corporation is to start looking for oil outside the UK. The State-owned corporation has been given Government authority to join international oil companies in a multi-million-pound overseas drilling programme.

Mr. Philip Shelbourne, the new chairman and chief executive of BNOC, said yesterday that development of overseas interests could represent a significant part of the underpinning of the corporation's expansion and diversification in the coming years.

It was natural for a major oil company to want an international exploration and development interest, he said in Glasgow after the board meeting at which he was formally appointed chief executive.

BNOC will not be the operator in these first overseas ventures, but will contribute technical know-how.

"This is putting our toe into the water, and we hope that this will be the start of a much bigger overseas interest," Mr. Ronny Utiger, the retiring chairman and chief executive, said.

Mr. Utiger who is remaining on the BNOC board until at least the end of the year, refused to say where BNOC would be drilling. That would be left to the operators to announce shortly, he said.

It is thought that one of the exploration projects will take BNOC into the Middle East, and that the other will be in Western Europe. Unconfirmed reports suggest that one project will be offshore waters, the other onshore.

"But it does show that far from being inhibited or stultified, we have been getting on with our business," he said.

Mr. Utiger was commenting on the uncertainty that surrounds BNOC's future structure. The Government is expected to announce its plans for injecting private capital into the corporation within the next few months.

The BNOC board has submitted its own recommendations to Mr. David Howell, the Energy Secretary. It is understood that the board has recommended that the Government should not sell off shares.

Instead, the board wants the Government to issue bonds or certificates which would earn interest on a minority share of BNOC's profits. The corporation is expected to make a pre-tax profit of over £1bn annually by the mid-1980s.

Mr. Shelbourne, who as chairman and chief executive of the bankers Samuel Montagu and Co. has been advising the Government on possible restructuring routes, said: "Privatisation will happen."

He had no "set views" on how BNOC's reorganisation should be achieved, but it was important for a definitive solution to be reached without too much delay.

GKN to close three plants and shed 2,000 jobs

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

GKN FORGINGS last night announced plans to close three plants and shed 2,000 jobs.

The move underlines the shakeout under way in the motor components industry, following the recent sharp drop in UK sales of commercial vehicles and cars.

Among other redundancy announcements yesterday Tube Investments said it is to close its National Tube, at Halesowen, West Midlands, with the loss of 230 jobs because of the recession in the motor industry.

The latest moves follow hard on the heels of redundancy announcements from several motor manufacturers. Ford has told unions of plans to cut 2,300 jobs while Vauxhall said it wanted to axe 700. Ford's commercial vehicle manufacturer, said its workforce would be reduced by 630.

GKN Forgings, with seven operating companies, produces almost half the output of the UK drop forging industry, which has suffered extensive short-time working for several months.

Mr. David Powis, director of the National Association of Drop Forgers, warned last night that other companies could follow the lead of GKN: "The industry has worked below capacity for so long that we have now got to the stage where the buttons are pressed and the redundancies start to come."

GKN Forgings itself, with an annual turnover of £185m and more than 9,800 workers, said it had been trading with very low margins and losses in certain areas for more than three years.

Discussions have started with the trade unions to close F. and P. Witton at Birmingham, with the loss of 881 jobs, and the powder forging division employing 51 at Redditch, Hereford and Worcester. Within the Smethwick Drop Forging company the Smethwick factory, employing 497, will be run down with production consolidated at the company's Kidderminster site.

Some 400 jobs will go at Scottish Stamping and Engineering, Avon, and 180 at Garringtons the GKN Forging subsidiary in Bromsgrove.

TI National Tubes, which makes and manipulates cold-drawn steel tube, will cease trading on September 30. Its two factories at Halesowen will close, with production transferred to a sister company, Ackles and Pollock, at Oldbury.

TI said National Tube had been severely affected by the developing recession, and there was no prospect of a return to profit in the foreseeable future. More short-time working, Page 4

Commodity stabilisation closer

BY JOHN EDWARDS IN LONDON AND BRIJ KHINDARIA IN GENEVA

THE WAY was cleared in Geneva yesterday for the creation of a \$750m multinational fund to help stabilise the market prices of basic raw materials, which provide vital export earnings for developing countries.

After two weeks of talks, organised by the UN Conference on Trade and Development (UNCTAD), delegates from over a 100 countries finally reached agreement on setting up the controversial commodity buffer stock fund.

Under the agreement \$400m will be used to finance individual commodity agreements, aimed at keeping prices of certain key raw materials within specified limits. The fund will provide the money needed to buy up surplus supplies to prevent prices falling too low in times of plenty and store them until required by the market.

At times of shortage, these stocks could be partially sold to mitigate extreme price rises. The remaining \$350m will be allocated to commodity research and development projects aimed at expanding exports by producing countries.

The buffer stock fund, which is viewed as an important result of the North-South dialogue between industrialised and developing countries, was agreed upon in principle over a year ago. However, considerable problems remained over how it was to be implemented. Now the disputes have been basically resolved, and agreement on setting up the fund will now go for ratification by governments. The fund could be operational by next year, but first it has to be ratified by Continued on Back Page

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£700m aid by Bank to boost liquidity

By Peter Riddell, Economics Correspondent

THE BANK of England is lending up to £700m to the banking system to ease severe shortages of liquidity which are expected in the money markets over the next few weeks.

This follows recent heavy sales of gilt-edged stock which will have drained well over £1bn from the markets between last Wednesday and the end of the current banking month in mid-July. In addition, the note circulation is expected to rise and there is likely to be a seasonal drop in Government borrowing.

These pressures might have led to a sharp rise in very short-term interest rates and the Bank of England yesterday said its operation was intended to smooth out excessive short-term money market pressures.

The downward trend in the general level of interest rates was underlined yesterday by a fall in the Treasury Bill rate at the afternoon tender for the seventh week running. The average rate dropped from 15.75 to 15.68 per cent, the lowest level since before the rise in Minimum Lending Rate to 17 per cent last November.

Over-spending risk, warning by Treasury

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CABINET will next week be presented with a gloomy analysis of the short-term economic prospects and a Treasury paper warning of its anxiety over potential overspending in the current financial year.

The much-heralded review of economic strategy—the first since the last election—was originally arranged as a full-day meeting at Chequers on July 16. This has now been changed to a morning discussion next Thursday followed by an examination of public spending in the following fortnight.

The main decisions will concern the approach to public sector pay in the coming year and the level of public expenditure both this year and in 1981-82.

The Treasury has become increasingly concerned in recent weeks about the possibility of overspending. This is in view of the 5.6 per cent over-run suggested by the local authority provisional budgets and of the sharp rise in central Government spending in April and May—up 30.5 per cent compared with a projected 20 per cent increase for the whole of 1980-81 forecast in the Budget.

At this early stage of the financial year, Ministers and officials are anxious rather than openly so that it is unlikely that any dramatic action will be announced. It is, however, expected to be made clear to departments which look like overspending that they should make adjustments now within their own budgets.

Treasury ministers have said they will press for corrective action if this still looks necessary after the summer holidays. The revised local authority budgets will be received by early August and a decision will then be made on whether to go ahead with action such as a moratorium on the start of new construction projects.

The full extent of the over-run on the British Steel Corporation's external financing limit should also be clear by then and the Cabinet will have to decide how much pressure to put on the £1.3bn contingency reserve.

The second part of the spending review will concern the plans for 1981-82 and later years. It is expected that ministers will only make provisional decisions before the holidays about the volume total for 1981-82, which is likely to be between 1 and 2 per cent less than this year.

The decisions will be tentative because of uncertainties about the extent of the recession and about the possible levels of public spending and borrowing both this year and next.

The Cabinet is likely to decide that ministers should become much more active in attempting to influence wage expectations ahead of the next pay round.

It is likely that there will be frequent speeches in the coming weeks stressing the need for pay rises to be much less than the rate of price inflation.

In contrast to last summer, ministers are likely to be much more specific about the level of pay rises in 1980-81 which they regard to be consistent with the 7 to 11 per cent target for monetary growth. There is some concern in Whitehall about whether such a campaign, probably indicating figures of between 10 and 12 per cent, will be seen as an attempt to set a pay norm.

Richard Evans, Lobby Editor, writes: Mr. Peter Shore, shadow Foreign Secretary, forecast last night that the UK was now approaching the moment of truth when the notorious U-turn in economic policy would have to be made, if the Government was to survive.

For Labour, the time was fast approaching when the themes and content of an effective alternative policy would have to be stated, and they were clear enough. There should be an unwavering commitment to expansion, to the creation of wealth, to the full and most effective use of financial and material resources.

He said the Labour Party should prepare policies to deal with the over-valued pound and the associated problems of excessively high interest rates. There should also be moves to ban excessive import penetration which was destroying Britain's industry.

Mr. David Howell, Energy Secretary, insisted that the Government would be sticking to its policies and there would be no change of direction in the war against inflation.

"The Government will continue, without hesitation, to carry out its duties of maintaining every possible pressure on state spending, achieving its monetary targets and bringing home to the nation... the catastrophic consequences of taking a different course," he said in his Guildford constituency.

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Note that this year's Budget has favoured capital gain orientated unit trusts.

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FT 29/6

OVERSEAS NEWS

Budget revolt
over EEC farm
spending fades

BY JOHN WYLES IN LUXEMBOURG

THE STRENGTH of the European Parliament's commitment to a fundamental reform of the Common Agricultural Policy was left seriously in doubt yesterday when the EEC's seven-month wrangle over the size and shape of its 1980 budget moved towards a close and the Parliament's vote on the budget, which began last December with the rejection of a draft budget, virtually faded.

Although the December vote seemed to promise a determined attempt to shift EEC spending away from agriculture, defenders of the CAP yesterday succeeded in fending off broad criticisms of the policy.

Formal adoption of a slightly revised budget draft for the year may yet be delayed until the Parliament next meets in 10 days' time if in the meantime the Council of Ministers rejects some modest amendments voted yesterday.

The council is expected to take a benign view of the parliament's addition of only \$6.7m (11m units of account) to its original proposals for non-farm spending. And it will squish a modification which attempts to reduce funds available for supporting dairy production by \$61m (100m units of account).

The guardians of the CAP surfaced as a coalition of German Christian Democrats

and Liberals, French Gaullists and Communists and a sprinkling of British European Democrats led by Sir Henry Plumb, former president of the National Farmers' Union.

In a series of votes they removed from the resolution a charge that the European Commission's attempts to curb farm spending had been "insufficient," deleted a view that the rising costs of surplus products was a threat to the CAP and to the Community, and defeated an acknowledgement that on present policies and commitments the EEC may not have enough money to finance its 1981 budget.

As a result, the resolution appeared relatively unconcerned about the effects of the CAP's weaknesses and contented itself with supporting measures already taken by EEC governments which try to curb the costly dairy sector—currently soaking up more than 40 per cent of CAP funds.

Privately, however, many MEPs are greatly disappointed with the parliament's failure to create more concrete results following its spectacular assertion of authority. Agriculture's share of the 1980 budget, soon to be implemented, is no less than it was in the draft thrown out last December.

Netherlands Government
survives confidence vote

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government narrowly avoided defeat early yesterday over its refusal to apply an immediate ban on oil deliveries to South Africa. The Centre-Right coalition of Mr. Dries van Agt survived a no confidence motion tabled by the opposition Labour Party by a majority of only two votes.

A revolt by dissident Left-wing members of the Christian Democratic Party crumbled at the end of the all night session, the last of the current parliamentary term.

A motion calling the oil boycott on South Africa was approved by a majority of 79 to 66. When the Cabinet decided such a move would be ineffective and said it would not implement the boycott, a no confidence motion was called

but rejected by 74 to 72 votes as many of the dissident Government party MPs swung behind the Cabinet rather than bring it down ahead of the general election due in May.

The Cabinet made some concessions on the boycott issue but did not go as far as most MPs wanted. Mr. Van Agt, the Prime Minister, said the Netherlands will initiate talks to try to persuade its Benelux partners and the Scandinavian countries to join an oil boycott.

The Government will also introduce a visa requirement for South Africans, and give extra support to the black countries bordering South Africa to increase their economic independence as well as ending its cultural treaty with South Africa.

Pretoria appoints inquiry
into Press 'conduct'

BY BERNARD SIMON IN JOHANNESBURG

THE South African Government yesterday appointed a five-man commission of inquiry into the mass media, charging it with investigating whether "the conduct of and the handling of matters by the mass media meet the needs and interests of the South African community and the demands of the times."

The move seems likely to bring long-simmering tensions between the opposition English-language Press, and the Government to a head.

Mr. Alwyn Schlebusch, the Interior Minister, said yesterday that "members of the

public and organisations were constantly lodging serious complaints about the way in which information was being handled by the Press."

The commission's chairman is Judge M. T. Steyn, former Administrator-General of South West Africa/Namibia. Earlier this year he headed an inquiry into the reporting of military and police matters, which suggested that in South Africa "the state's interests could claim precedence over the civil rights of the population."

Mr. Basil Landau, a director of Union Corporation, a major mining house, is a member of the commission.

Angola threat over raid

UNITED NATIONS — Angola served notice yesterday that it would call for outside military help if its forces were unable to repulse an alleged invasion by South African troops.

Mr. Elisio de Figueiredo, the chief Angolan delegate, said fierce fighting was going on in two provinces, and the estimated 6,000 invaders had inflicted heavy casualties.

He told reporters the attack began on Monday, after preparations in early June which included repeated violations of Angolan air space by the South Africans.

The Security Council later was to consider a resolution to "more effective measures" if the violations continued.

Reuters

U.S. may
boost arms
sales to
Thailand

By David Dodwell in Kuala Lumpur

THE United States will "seriously consider" increasing arms sales to Thailand following the incursion by Vietnamese troops into Thai territory on Monday, according to Air Chief Marshal Sittihit Savetisla, Thailand's Foreign Minister.

The Air Chief Marshal's announcement followed a meeting with Senator Edmund Muskie, the U.S. Secretary of State, only hours after he had flown into Kuala Lumpur for two days of talks with ministers.

On arrival, Mr. Muskie condemned the Vietnamese incursion into Thailand. "This attack not only violates Thai territorial integrity and threatens its security, it may represent an expansion of the conflict and exacerbate the suffering of the Thai and Khmer people," he said.

"We are here to express our view that the Vietnamese incursion into Thailand is a dangerous threat to peace. I am here to learn more of the facts about this incursion because we deeply care about stability and national independence in this area."

The U.S. is expected to accelerate the supply of arms and military equipment already due to Thailand. It is considering easing the terms for repayment of military sales credits, and is also likely to boost credits from \$35m this financial year to \$50m in 1981.

Thailand is expected to buy between \$250m (\$106.35m) and \$300m (\$128m) worth of military equipment from the U.S. this year most of this is small arms and ammunition, although 15 M48 tanks were delivered last October.

U.S. State Department officials confirmed Air Chief Marshal Sittihit's report of a discussion on arms, adding that the U.S. is to grant \$2m for the relief of Thai villagers and Khmer refugees displaced by the most recent disturbances along the border. This will go directly to the Thai Government. All previous aid has been channelled through the International Red Cross.

S. Yemen visitor

Mr. Ali Nasser Muhammad, the South Yemeni President, today begins a visit to Saudi Arabia which is expected to lead to some improvement in the relations between the kingdom and Aden, which maintains close links with Moscow, writes James Buchanan. This is the first visit of a South Yemeni president to Saudi Arabia since the removal last April of the hard-line party leader, Mr. Abdull Fattah Ismail, as president.

Israel army plans

Israel has plans ready to change the deployment of the army in the occupied West Bank and Gaza Strip if Palestinian autonomy is instituted there. Planning was completed in time for the meeting in Washington early next week between Egyptian, U.S. and Israeli negotiators designed to get the talks restarted, writes David Lennor in Tel Aviv. Egypt had earlier demanded that Israel detail its security requirements in the West Bank and Gaza.

Mauritius claim

Mauritius is to "lay fresh claims" with Britain for the return of Diego Garcia, the U.S.-operated military base in the Indian Ocean, writes David Tonge. Sir Seewoosagur Ramgoolam, the Prime Minister of Mauritius, said yesterday that he would make the claim in London on his way back from the summit of the Organisation of African Unity in 10 days' time.

Moscow 'halting troop withdrawal from Afghanistan'

KABUL—The Soviet Union has made it clear that there would be no further withdrawal of Soviet troops from Afghanistan "until foreign interference in the country's internal affairs stops," diplomats said yesterday.

In a message to Italy in its capacity as chairman of the EEC ministerial council, Moscow also said that more troops could be sent to Afghanistan if required.

The diplomats said the Soviet Ambassador in Kabul, Mr. F. A. Tabeev, conveyed the message to the Italian charge d'affaires, Sig. Ciesca Capitani, on Tuesday, two days after Moscow announced

the withdrawal from Afghanistan of some military units whose presence in the country was "not essential."

Diplomats in Kabul estimate that about 100 tanks and up to 8,500 troops have been or are being withdrawn. The Soviet message to Italy spoke of one division, but one official said only about 1,500 men had so far been pulled out.

Western estimates put the Soviet military presence in Afghanistan at 80,000 to 100,000 men. Diplomats said the Soviet Union has withdrawn units and equipment including missiles unsuited for counter-insurgency opera-

tions. They claimed that anti-government insurgents were active as near as 30 kilometres (20 miles) from Kabul, but said the rebels could not threaten the capital which is surrounded by Soviet troops.

The Soviet Union said its partial pull-out of troops had been made possible by the serious defeats suffered by the rebels and a gradual return to normalcy in Afghanistan.

British officials in London said yesterday that the Soviets had suffered between 2,000 and 5,000 casualties since their military intervention last December when President Babrak Karmal was

installed in power.

Diplomats said the Soviet message to Italy reiterated that any negotiated settlement of the Afghan crisis should be based on the peace proposals put forward by Kabul on May 14. These called for bilateral talks with Pakistan and Iran and guarantees of an end to foreign interference in Afghanistan backed by assurances from the U.S. and the Soviet Union.

The Soviet message also specified conditions under which Kabul and Moscow would be prepared to hold talks with a three-man committee appointed last month by the Islamic Conference

organisation to seek a negotiated settlement.

It pointed out that a meeting in Switzerland last week-end between the EEC Ministerial Committee and Afghan rebel leaders had precluded the possibility of the Afghan government speaking to the Islamic panel.

But according to the diplomats, the message said Kabul would still be prepared to talk to the committee provided the Afghan government was put on a different level than rebel organisations. Moscow would also be prepared to talk to the committee after its discussions with Kabul, they said. Reuters

How the West stands after the summitry

BY REGINALD DALE IN ISTANBUL



President Giscard, left, has his neutron bomb, Chancellor Schmidt, right, his plans for Moscow.

THE WEST has come through the past two weeks of summitry and ministerial consultations in rather better shape than many had feared. The differences, of course, are still there, and it would be wrong to suggest that two summit meetings in Venice, a trip by President Jimmy Carter to Europe and a North Atlantic Treaty Organisation meeting in Ankara have done much to solve the world's problems.

They have, however, if only symbolically, underlined a "solidarity" which has so often been more remarkable by its absence in recent months, as the West has tried to digest the consequences of the Soviet invasion of Afghanistan. The new approach is to accept that the Western democracies are entitled to differing views over such international issues as the Middle East and relations with Moscow—provided, and it is an important proviso, they do not allow the Soviet Union to exploit them.

It is possible, of course, that the other countries feel aggrieved that their Atlantic Alliance meeting was upstaged by President Valéry Giscard d'Estaing's announcement, apparently without warning, that France had decided in principle to deploy a neutron bomb.

Electoral considerations have, of course, coloured the statements of Western solidarity which also appear to have been patched up. Herr Schmidt will

not let the side down in Moscow, even if his views still differ slightly from Washington's.

Herr Schmidt has to pacify left-wing opinion in Germany and inside his own party, by stressing his willingness to negotiate limits on the long-range U.S. nuclear weapons which are to be installed in Western Europe at the end of 1983.

That is totally consistent with the alliance's December decision to go ahead with the plan. German officials stress Herr Schmidt has never called for a freeze on introducing the missiles into Western Europe if the Soviet Union stopped deploying SS 20 mobile missiles—the weapon which provoked the Western response.

The problems caused by Herr Schmidt's visit to Moscow next week also appear to have been patched up. Herr Schmidt will

A freeze would clearly leave the Soviet Union in the position of superiority. According to Atlantic Alliance figures this week, Moscow has deployed 150 SS 20s, each with three warheads, and is continuing to do so at the rate of one missile every five days.

Little is likely to happen on arms control until after the U.S. presidential election in November. The Russians are unlikely to be quick to drop their pre-condition for negotiations, which is that the West suspends its decision to install the missiles.

Where there were differences, they were aired in public. Europe, more dependent on Arab oil than the U.S., wants to affirm the Palestinians' right to "self-determination." The U.S. fears that to say so would further disrupt the Camp David peace process, but the different European viewpoint has not caused the predicted major split.

The other contentious point is the approach to this autumn's Madrid meeting, which will review the 1975 Helsinki Agreements on co-operation and Security in Europe. France wants the meeting to endorse its top project of a 35-nation European disarmament conference, which will start by looking at what is known as "confidence building measures." These are undertaken from both East and West to provide information about major troop

manoeuvres, to calm fears that they are the prelude to an assault across the East-West divide in Europe.

The U.S., however, wants to wait and see what has transpired in Afghanistan and other problem areas, before giving the go-ahead. It wants the Madrid talks to start with a serious cross-examination of the Russians and their non-fulfilment of Helsinki commitments—based on human rights and the inviolability of frontiers.

The Atlantic Alliance meeting compromises France's independent foreign and defence policy. The cross-examination process proves hopeful. In return, the French have accepted that the second stage of their proposal, Europe-wide disarmament negotiations should be put off into the fairly distant future.

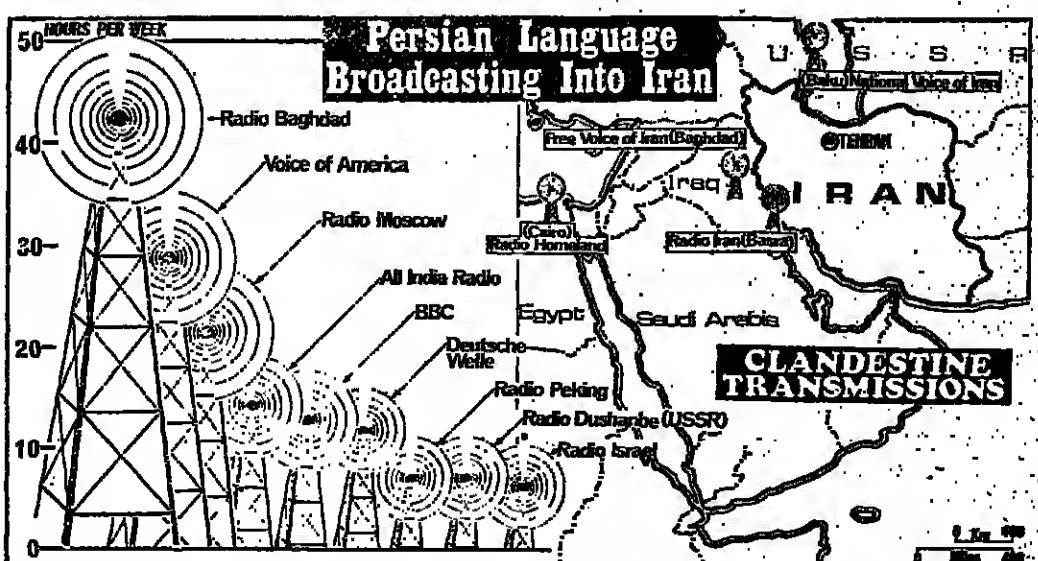
President Giscard cannot, or feels he cannot, associate himself too much with the rest of the West before an election, as he would risk accusations of abandoning France's independent foreign and defence policy. But it is more difficult for France to be independent when East and West are confronting each other.

France seems to be participating at least privately in the secret Western consultations which followed the Afghan invasion. Devising the best framework for those consultations is the task facing the West if it is to transform professions of solidarity into practice.

CLANDESTINE RADIO ATTACKS ON KHOMEINI

Iranians in exile take to the airwaves

ANDREW WHITLEY, RECENTLY IN TEHRAN



A NEW weapon has gone into the armouries of the exiled Iranian Opposition groups fighting Ayatollah Khomeini's regime. It may be having an even more powerful effect than the exiles themselves had hoped.

The Ayatollah's opponents, learning the lesson of the February 1979 revolution which dislodged them, are turning to the airways to mount a frontal psychological attack aimed at undermining morale and paving the way for a military coup.

Within the past six weeks three clandestine radio stations have been set up to beam broadcasts in Persian into Iran assisted by neighbouring states which would be happy to see a change of regime in Tehran. Money is thought to come from further afield, including the U.S. and Israel.

They join already crowded wavebands. A longstanding clandestine station, the National Voice of Iran has been transmitting for over 20 years from Baku in Soviet Azerbaijan and there are 15 other above-board radio broadcasts in Persian as part of established external services.

So great has been the interest generated by the new arrivals, with their fiery condemnations of the clerical regime and predictions of its imminent demise, that many discontented Iranians of my acquaintance switch from one station to another, then tape-record the "messages of hope" to replay to their friends.

Nor are the listeners con-

fined to confirmed malcontents and Western-educated or orientated Iranians. In the bazaars and small shops of southern Tehran, as well as in provincial towns, transistor radios are tuned in every evening to the crackling stations calling themselves "The Free Voice of Iran," "Radio Iran" and "Radio Homeland."

Two of the new clandestine radio stations have been identified and almost certainly located. Radio Iran broadcasts on behalf of Dr. Shapur Bakhtiar, the Shah's last Prime Minister who now runs his campaign against the mullahs from a Paris headquarters.

The Free Voice of Iran acts

for Gen. Gholam Ali Oveissi, the "hatcher of Tehran" as he was known in pre-revolution days, who heads the so-called Liberation Army of Iran.

Both their radios, which began transmitting within a few weeks of each other in May, are believed to be based on Iraq. The Bakhtiar camp claims that their transmitter is sited on the border with Iran, just inside Iraqi territory although technical evidence suggests that a 100-kW transmitter, as they claim to possess, is more likely to be in Basra.

Almost certainly their rivals, who transmit coded messages to friends in the regular Iranian armed forces and give instruc-

tions to local cells to "watch your district's clergyman" in preparation for an uprising, transmit from Baghdad itself, using the facilities of the government radio.

Most interesting, and most shadowy of all, however, is Radio Homeland, which has been broadcasting to Iran for up to an hour every evening for the past six weeks or so.

Monitoring has disclosed little more than that it is vehemently anti-Khomeini and realises how much popular interest it can generate by broadcasting old-style Persian songs and poems to a people depressed for over a year by an austere diet of Islamic themes from what is

now known as the "Voice and Vision of the Islamic Republic."

Sufficient evidence is building up to point the finger at Cairo, where the exiled Shah is living—as the place from which Radio "Homeland" broadcasts. What is thought to be the same station also broadcasts these days as the "Radio of the Mujaheddin (Islamic guerrillas) of Afghanistan," giving heart to Afghan rebels of the same ideological persuasion as the Iranians, whom their radio station-mate is trying hard to oust.

How deeply the Central Intelligence Agency is involved is unclear. Help could vary from financing the radio station to organising and running its output to suit what the U.S. judges to be the extent to which the Khomeini regime is disintegrating.

Other much smaller clandestine radios operate within Iran. An aside of Dr. Bakhtiar said yesterday that their supporters have a mobile station within Tehran, working physically and on the airways to evade detection. Other similar radios are known to exist in the Iranian Kurdish region in the west.

Many still listen to the established foreign radio, in particular the BBC and Voice of America (which has raised its output to an enormous four hours a day), even if they are often dismissed by Iranians as tame in contrast with the exciting prospects held out by their more shady rivals.

Alliance Investment Company,
Limited

Highlights of Annual Report for the year to 30th April 1980

	1980	1979	
Net Revenue	£0.9m	£0.72m	+26%
Dividend (including special for 1980)	5.0p	3.75p	+33%
Total Assets	£23.7m	£21.9m	+8%
Assets per share	163.4p	164.8p	-7%
F.T.-Actuaries	249.5	279.5	-11%

Extract from the Chairman's Statement:

We are taking a positive view of stockmarkets. We have increased the company's effective gearing.

We place the emphasis of our investment policy on the smaller companies, particularly in the U.K.

Our dividend record over the last five years compares favourably with the increase in the Retail Price Index.

Geographical distribution of assets:			
	65.0%	Far East	6.7%
A.	12.8%	Others	7.3%
n	8.2%		

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To the Secretary,
Alliance Investment Company, Limited,
1/2 Laurence Pountney Hill, London EC4R 0BA
Please send me a copy of the Report & Accounts

Name _____
Address _____

محمد بن النعمان

Two bomb deaths during
Bolivia presidential rally

BY OUR FOREIGN STAFF

AT LEAST two people were killed and 48 injured on Thursday night when a fragmentation grenade was tossed into a crowd in the Bolivian capital La Paz.

The explosion occurred as supporters of Sr. Hernán Siles Zuazo, a leftist presidential front runner in tomorrow's election, marched past a hotel. The grenade was tossed from a third story window, according to witnesses.

The rally for Sr. Siles Zuazo drew at least double the crowd attending rallies for other political candidates and marked a violent end to Bolivia's third presidential election campaign in as many years. Tear gas bombs were also set off at the rally.

The bombings broke a period of relative calm in the campaign but most observers believe Bolivia's armed forces will not intervene at least until tomorrow's voting. Some 13 candidates are posted for the presidential race.

To win the election a candidate must garner "half the votes plus one." Failing that, Bolivia's Congress must elect the president. Last year, Sr. Siles Zuazo won a plurality of votes, but his opponent, Sr. Paz Estenssoro, won more congressional votes and the election was deadlocked. The congress then chose Sr. Walter Guevara Arze, president of Congress, to serve for a year until new elections could be held.

Sr. Guevara was overthrown in a bloody coup d'état in November of last year by an obscure army colonel, Alberto Natusch, who ruled for 16 days before agreeing to return power to a civilian president. The Congress then chose Sr. Lidia Gueiler, Sr. Guevara's successor as president of Congress, in a vote of 16 to 1.

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UK NEWS

Zimbabwe £100m debt settlement agreed

BY TIM DICKSON

THE TREASURY announced last night that a settlement had been reached with the Zimbabwe Government over almost £100m of debt incurred before the unilateral declaration of independence by the Smith administration. This will end a long wait for the estimated 15,000 UK holders of Southern Rhodesia bonds.

About half the £100m, comprising unpaid interest and unredeemed capital, is due to them through holding the 12 Southern Rhodesia bonds quoted in London. The rest is owed to the British Government.

Details of the arrangements agreed will be announced in the Commons early next week, but the terms of the settlement with bondholders may not be disclosed for a few days.

It is understood that an announcement will not be made until the tax position for individuals is clarified by the Inland Revenue.

The difficulty, apparently, is how to tax that part of the compensation which relates to unpaid interest. In normal circumstances basic rate tax would have been deducted before the stockholder was paid. The Council of Foreign Bond-

holders, which represented bondholders in the parallel talks which have been held in London in the past few weeks, said last night it had agreed to the terms.

Bonds typically showed gains of about £5 yesterday before being suspended ahead of the news. Southern Rhodesia 2½ per cent 1965-70 put on £5 to £155. Southern Rhodesia 6 per cent 1973-81 also added £5 to finish at £168.

Observers believe the compensation will take the form of new stock, with the possibility of a cash element.

Minister gives hope of school milk

By Larry Klinger

MR. PETER WALKER, the Minister of Agriculture, held out a prospect yesterday for widespread return of free milk in schools.

He said in a written Commons reply that the Government was anxious "that local authorities should not be prevented from taking advantage of the generous subsidies available from the EEC."

"The Government had raised the proposal with the European Commission. 'If this is accepted, as I believe it will be,' Mr. Walker said, 'It should be possible for local authorities to take advantage of the available EEC subsidies while still making their own decisions on pricing, and without necessarily incurring any cost themselves.'"

The statement was initially widely interpreted as heralding the comeback of free milk and, moreover, financing it with a £25m subsidy from the EEC. The Education authorities, on reflection, became less than sure.

Subsidy query

Whereas provision of school milk for the young schoolchild was obligatory before the Education Act of this year, it is now up to the discretion of local authorities.

How many schools continue to provide free milk is not known, but the Department of Education puts the 1978-79 cost of subsidised milk at £21.8m, which, it says, attracted a £9.3m EEC subsidy.

The Ministry of Agriculture believes that without further representations from the Government or applications from councils, the subsidy would grow to £15m this year, but under the EEC regime a total of £40m is available. Hence the additional £25m.

The only serious requirement for receiving the subsidy is that 25 per cent of the milk's cost is borne by central or local government.

The Dairy Trade Federation welcomed the Minister's comments yesterday, and said it was aiming to start the scheme at the beginning of the next school term.

Welcome for report on Lloyd's

BY JOHN MOORE

THE DEPARTMENT of Trade, the ultimate supervisors of Lloyd's of London, has welcomed a report which has recommended sweeping changes in Lloyd's structure.

Mr. Reginald Eyre, Parliamentary Under Secretary for Trade, said the report, prepared by Sir Henry Fisher and a working party, represented a thorough analysis for which Sir Henry's team were to be congratulated.

The report, which studied self regulation at Lloyd's, was

commissioned by Lloyd's. The key recommendations said Lloyd's should have a rule-making 25-man council, which would give the non-working members of Lloyd's and outsiders a say in the government of the insurance institution, which is backed by private wealth.

A series of disciplinary proceedings are recommended for the market. It is suggested that over five years the shareholding links between Lloyd's insurance brokers and managing agencies,

the groups which look after the affairs of underwriting syndicates, should be terminated.

Mr. Reginald Eyre said: "Ministers want Lloyd's to continue as a self-regulating body, and the interests of all those concerned obviously require that self-regulation to be effective."

"The report puts forward a set of proposals to that end which deserve full examination. The report was commissioned by Lloyd's and it is for them to

consider it and bring forward proposals for action."

As a result of the Fisher proposals, accepted in principle by the 16-strong ruling Lloyd's committee, a new Act of Parliament will be required.

Lloyd's is attempting to present a Bill to Parliament by the end of November. "Failure to do so will result in a delay of 12 months," Mr. Peter Green, Lloyd's chairman, has told members.

Not everything is A1. Page 15

Commons row over disclosure of South African wages

BY IVOR OWEN

BRITISH COMPANIES are entitled to the protection of the 'libel' laws if they are falsely accused of paying starvation wages to their black African workers in South Africa. Mr. John Nott, the Trade Secretary, said in the Commons yesterday.

This was his principal justification for the Government's refusal to give way to Labour demands for the publication, under Parliamentary privilege, of a list of British companies whose black workers may be receiving wages below the poverty datum line set by the EEC.

Mr. Nott hit out vigorously in refuting Labour charges that by failing to publish such a

"blacklist" the Government was evading its responsibilities and blocking further progress in securing an improvement in the living standards of black South African workers.

Mr. John Smith, the Shadow Trade Minister, and other Labour MPs repeatedly clashed with Mr. Nott.

Mr. Smith recalled that in his period of office as Trade Secretary he authorised a Parliamentary reply listing the names of British companies who, in the Labour Government's opinion, were paying their black workers below the EEC code.

The present Government, he said, had made available information supplied by British companies with interests in South

Africa without making any attempt to evaluate it. Interested parties had been left to "quarry" for material they wanted.

Mr. Nott said in addition to wages, provision of fringe benefits, trade union recognition, and other factors needed to be taken into account when considering the record of British companies.

Naming companies alleged to be paying low wages, and naming the companies which failed to provide any of the information required by the EEC code, did nothing to achieve this objective. The "blacklist" published by the Labour Government had been misleading.

Cumbria gas contract for Davy McKee

BY SUE CAMERON

DAVY MCKEE, part of the UK Davy group, has won the management contract for the £55m, natural gas terminal which British Gas is to build at Barrow-in-Furness.

Yesterday neither Davy nor British Gas would say how much the management services contract was worth.

The main construction contracts for the Barrow terminal,

which will process gas from the Morecambe Bay Field in the Irish Sea, are not expected to be announced until the end of the year.

British Gas still has to obtain planning permission for the terminal from Cumbria County Council. The council Planning Committee has said that it is "minded to give approval."

The Morecambe Bay Field, discovered in 1974 and declared commercial in 1978, has estimated reserves of 5 trillion (million million) cubic feet. It is 22 miles south-west of Barrow.

British Gas hopes that the multi-million pound development of the field will start early next year. Initial supplies of gas from Morecambe Bay are due to start coming through towards the end of 1983.

Comfort for SNP only

BY RICHARD EVANS, LOBBY EDITOR

NEITHER of the two major parties was able to take much comfort yesterday from the result of the Glasgow Central by-election, but the Scottish National Party greeted its second place jubilantly as the first sign of a revival.

Although Mr. Bob McTaggart won the seat for Labour with 80.8 per cent of the poll, this was more than 11 per cent down on the General Election, and

the majority was cut from 6,605 to 2,780.

For the Conservatives the result was an unqualified disaster in what was admittedly the unrewarding territory of Labour's fourth safest seat, and one of the most blighted inner-urban areas in Britain.

Mrs. Anne McCurley, the Tory candidate, attracted a derisory 707 votes and the humiliation of a lost deposit.

The Government's economic

stringency and the unemployment figures early in the week cannot have helped her cause.

No firm conclusions can be drawn from such an untypical constituency, which is certain to be phased out by the Boundary Commission before the next General Election, but the Nationalists have given a warning to the two major parties that they could be back in business as a focus for political discontent in Scotland.

Labour Party proposals are delayed

THE PROPOSED Labour Party electoral college, which would choose the leader and control the manifesto, is creating grave difficulties for the party's Commission of Inquiry, writes Richard Evans.

The four-man committee, formed to decide how the college should operate, failed to reach a conclusion yesterday, and will meet again on Tuesday. Originally it was to have completed its draft proposals earlier this week.

The central problem is that the electoral college, proposed

as a compromise by the trade unions and supported by Mr. Callaghan, is under fire from many sections of the party. The Left wants control of the manifesto to be in the hands of the national executive committee and the party conference, but the majority of Labour MPs want to retain the right to elect the party leader.

There are growing signs that unless a satisfactory formula can be found, the whole question of an electoral college could be thrown out at the party conference, leaving some of the key constitutional issues unresolved.

Mr. John Silkin, Labour spokesman on industry, said in a speech at Chatham last night that it was understandable that 15 months after a devastating electoral defeat, the Labour Party should be intent on putting its own house in order. But while the party concentrated on this issue, there was a danger of obscuring its policies which were the only alternative to the social, economic and industrial anarchy created by the Tory Government, he said.

Keep the BBC orchestras, say MPs

A REASSESSMENT of priorities by the BBC to prevent the planned disbandment of five of its 11 house orchestras was demanded by MPs of all parties in the Commons yesterday.

Programmes commanding bigger audiences, if necessary, Radio One in its entirety, should be sacrificed before the orchestras, they urged.

Mr. Leon Brittan, Home Office Minister of State, again made it clear that there was no question of the Government authorising a further increase in the licence fee to enable the BBC to overcome its financial problems.

Mr. Brittan stated: "No other European broadcasting organisation employs as many as six orchestras. While MPs debated how to

avert the threatened cuts, outside the Commons a 55-piece orchestra played Handel's Water Music from a boat on the Thames.

At one point river police boarded the vessel to issue a warning that an offence would have been committed if it lingered too long near the Houses of Parliament.

Mr. Dryer said he considered the airline's attitude unreasonable. Aeroflot would probably now carry the passengers on charter flights subject to Department of Trade approval, he said.

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THE WEEK IN THE MARKETS

The rally loses power

The stock market seemed to lose its punch this week, with both equities and gilt-edged securities failing to make further progress after the gains of recent weeks. There is still a lot of business being done in ordinary shares—turnover has been well over £100m on most days—and there has been some speculative excitement too.

British Petroleum's discovery of a potentially commercial oil field close to its big Ninian Sea discovery sent the North Sea favourites flying ahead, and Vickers surprised just about everyone with its plans to merge with Rolls-Royce Motors.

But the rally in some of the bombed-out manufacturing stocks has run out of steam. Maybe the City was overdoing the gloom a few weeks ago, but all the industrial news headlines—about British Steel, and the like—emphasise the fact that the recovery in industrial profits and dividends is still a long way off.

Plessey's proof
After years of disappointment, Plessey seems to have rediscovered how to make profits grow. Suddenly, all the important ratios are looking very much healthier.

Cash flow in the year to March 31 grew from £33.3m to £40.1m, providing a sound base from which to lift capital spending this year from £35m to £42m. Margins widened

LONDON

ONLOOKER

from 6.9 to 8.8 per cent, stock turn has been boosted from 3.15 to 3.39 times, gearing has fallen from 30.5 to 25.1 per cent, and the return on funds employed was a fairly respectable 23 per cent.

The upturn was most marked in the final quarter when profits soared from £13.8m to £24.66m, far better than expected. The upshot is a 30 per cent annual gain to £80.1m pre-tax. Plessey looks capable of adding some 15 per cent to this total in the current year and the order book, smoothing out of the effects of plant closures and currency changes, is showing underlying growth of 37 per cent.

Much of the improvement can be traced to the telecommunications division. The launch 18 months ago of the Plessey PDX, the first Private Automatic Exchange in this country, has done wonders for the group's penetration in this market which has recovered in the past two years from 20 to 40 per cent. The elimination of loss-making Strowger contracts which were completed around the turn of the calendar year and substantial rationalisation at the large Liverpool factory probably exaggerate the turn in

the group's fortunes in the January-March period. Overall, though, Plessey maintains that its heavy proportion of sales to government agencies around the world (as opposed to private customers) offers a healthy measure of protection against recessionary forces.

Hopes had been deferred for so long that the stock market retains a wide streak of scepticism about Plessey but the mood may be changing. The shares jumped 18p on the results and, at just under 180p at the end of the week, the historic p/e is comfortably into double figures.

Wilkinson Match

These are traumatic times for shareholders in Wilkinson Match. After seeing profits slide by more than a quarter over the past 12 months to £14m before tax, they are being politely requested to be patient for just a little longer.

In three product areas—razors, pens and lighters—Wilkinson is battling against two tough competitors. One of these, Gillette of the U.S., is a traditional opponent, seemingly as disconcerted as Wilkinson itself at the activities of the latest upstart entrant to these markets, Bic of France.

While matches and lighters continued to generate large, if declining, profits, over the past year, the personal products side—mainly razors and sunglasses—moved even deeper

into the red. Writing instruments, as the industry likes to term the array of pens felt-tip-pens and combined pens and erasers now offered to the consumer, turned in a tiny profit, and Wilkinson is hopeful that its involvement through Scripto of the U.S. will pay higher dividends in the future.

On the safety and protection side, where profits did little more than mark time, the group intends to concentrate a good deal of its management and financial effort in future. For Wilkinson, embarrassed by the well-publicised boardroom wrangle last autumn, appears convinced that consumer products are not the only key to its future.

Because it is changing its year-end, Wilkinson's current trading period is 18 months long. No improvement is seen during the final leg, but shareholders were promised in this week's profits statement that "increasing benefits" should accrue from recent action.

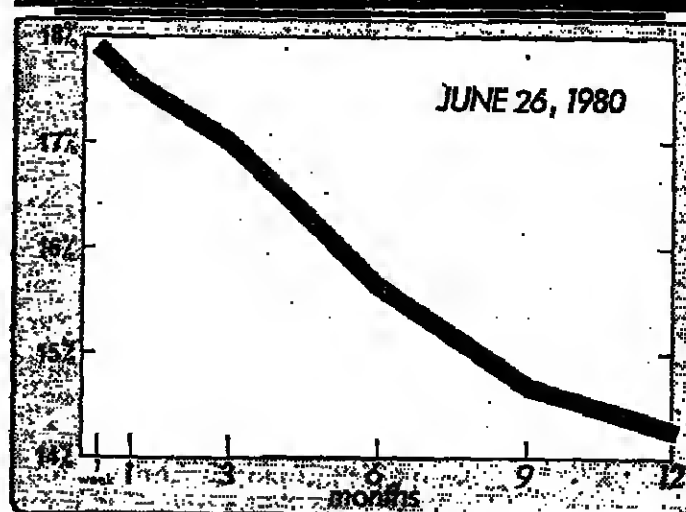
The company has heeded up its management since Mr. Denis Randolph left the chair last September. At the time, he argued that Wilkinson's financial position was getting worse, a statement borne out by the recent figures. If the cost-cutting and product development exercises in razor, Wilkinson shareholders, including America's Allegheny Ludlum with 44 per cent, might have more cause for joy in the early 1980s.

Hotel hold-up

The number of overseas visitors to Britain peaked in 1977 but with aggressive marketing, Trusthouse Forte managed to sustain its remarkable six-year profit surge for two more years. At some point, however, even THF could not squeeze more profit out of fewer tourists and that point came last winter. With occupancy rates in THF's London hotels down 6 per cent, interim group profits were almost unchanged at £19.3m. The company believes that tourism will be a little better this summer.

However, competition has been tough on the advance group booking side and Americans are still staying at home. In the U.S., Travelodge has done well but Colony Foods will not contribute much until it finds locations for its restaurants that do not oblige the petrol-sensitive customer to drive so far. Travelodge profits, up 7 per cent in the first six months under UK accounting conventions, were 3

INTERBANK RATES



per cent down when translated into sterling.

THF backed away from buying the catering interests of Squibb earlier this year when its approximately \$80m bid was topped by more than \$20m but the group is still looking for U.S. acquisitions and has a strong \$60m cash position from which to deal.

Some day, the group's U.S. position may be such that it can make up for any decline of Americans visiting Britain by lodging and feeding the British visiting America. But for the moment, its profits growth is in check and estimates for the full year vary from £72m to £75m, only 5 to 10 per cent up on last year.

Lock out

Chubb's results for the year to the end of March—pre-tax profits slumped from £15.3m to £7.2m—are a sad commentary on the company's failure to break into the electronic cash register market. Adding back losses from this activity, however, operating profits from the rest of the business were still a fifth lower, due mostly to setbacks in the fire security and cash dispenser operations.

The big headache is cash registers where Chubb's ambitious plans to develop a secure electronic product after its acquisition of Gross Cash at the beginning of 1977 have fallen flat on their face.

In the event, Chubb has been slow to develop its own product. Unable to get adequate supplies of the 64K Chip, the company redesigned its new machine to suit a new type of micro-processor but by doing so missed the market in the first half of last year. Foreign competition, notably the Japanese, took full advantage of the delay and as a result Chubb's market share has fallen from well over 22 per cent at the time of the Gross Cash takeover to between 5 and 10 per cent.

The company has now taken steps to stem the cash outflow—though the effect on the balance sheet is already damaging. More importantly for shareholders,

whose dividend has been paid from reserves, the promise of what was once Chubb's most exciting growth area, has now virtually disappeared.

There are still plenty of strengths elsewhere—a burglar and fire alarms, cash dispensers (in spite of the tough competition recently), safes and locks, and above all the company's name.

The point may not be lost on competitors. Indeed strong buying was rumoured in the stock market from one source yesterday, when Chubb's share price put on another 5p to 100p.

Renold prunes

Most brokers would say that a dividend is threatened when the yield reaches about 13-14 per cent. Renold had been offering a yield of around 23 per cent for much of the current year until its results were published on Thursday.

The power transmission group has indeed taken the knife to the distribution but has not pared quite so deeply as analysts had feared. The 28 per cent cut to 2p net per share still provides a yield of over 17 per cent and the market clearly retains its doubts. Profits slumped from £10.2m to £8.22m, and although the group contains a welcome degree of recovery after the engineering strike, the group is not making sufficient profits in the UK to cover the Advance Corporation Tax liability.

Despite the closure of the Coventry works, at a below the line cost of £4.8m, the balance sheet is not under unbearable strain. Gearing is still below 50 per cent and working capital is under control. Yet the historic return on capital employed is negligible and inflation is draining funds out of the business.

Renold, however, is hitting on. Executive functions are being decentralised, the Wythen-shaw headquarters are available for a sale and leaseback and the group is looking to extend its operational base. It is even considering suitable acquisitions.

Hopes pinned on tax cut Bill

FIRST the good news. Shares managed to shake off the gloom caused by the slump at the end of last week and put on a sudden and quite unexpected spurt which brought the Dow to a further-month high.

Now the bad news. For the third time in as many years, the Dow failed to hold the 900 level. On Thursday afternoon, it was over 880. But then the sell orders poured in and the average lost nearly ten points in an hour.

This is depressing for Wall Street because it suggests the market is still locked into a bracket covering the 750-900 range, and nothing, not even soaring oil profits, has been able to break it out.

At the end of the strength this week was technical. Institutions who have to report their portfolios at mid-year were depressing them up with blue chips stocks, and this artificially fuelled the average. Even on Wednesday night, when the market had had one of its best days for a long time, a lot of people on Wall Street were nervous because the rally seemed to lack substance.

But the fundamentals were not too bad either. The prime rate came down from 12 per cent to 11½ per cent, a small drop by recent standards, but at least the trend is still downwards, and that is what counts for corporate profits. The prime could still shed a point this summer without too much trouble.

News from the inflation front was also better. The May consumer price index went up 0.9 per cent, the same as the month before, but well below the 1.5 per cent registered earlier this year.

Momentum for a tax cut also seemed to be building up in Washington. President Carter is clearly moving in that direction. So is Congress. The Republicans started it with pressure for tax cut legislation later this year. But then the Democrats, not to be outdone, jumped on the bandwagon with a resolution calling for a tax-cut bill by September 3.

Mr. William Gillard, director of research at Kidder Peabody, believes these tax moves bode well for the market. In his investment policy comment this week, he advises investors to reduce their cash positions from 20 per cent to 10 per cent (his norm is 15 per cent), even though he admits that short-term considerations might cause some people to have qualms about this. These are mainly the fears of a snap-back in interest rates, uncertainties about the business cycle, dangers that the market is overbought, and the possibility that a tax cut could ignite a new inflationary spiral.

NEW YORK

DAVID LASCELLES

But against this, Mr. Gillard argues that Mr. Carter's proposals will be less of a quick fix than a long-term strategy to revitalise the economy and boost investment.

Anyone looking for proof that the economic environment has become more bullish could cite the bond market, which has talked of reflation. Prices weakened noticeably there this week, and interest rates started edging up again nervously, though this was also partly due to the huge volume of financing that the credit markets have had to cope with since May.

The most active shares this week included many oil stocks—as usual. The focus of interest was a report by Mobil on tests at its walls off the Canadian Atlantic coast, but the market clearly did not know what to make of them (they were highly technical) and after jumping up and down for a while, shares in the participating companies were virtually unchanged.

However, the market still expects some big news from the Hibernia find (as it is called) within the next two or three weeks.

On the takeover front, Englehard Minerals and Chemicals, buying with profits from the recent commodity and oil price boom, made a \$280m offer for a Milwaukee insurance concern, NN Corp., with that company's approval.

Englehard owes some of its earnings to the misfortunes of the Hunt brothers who were obliged to buy themselves out of a silver contract at terms which greatly favoured Englehard.

Mr. Lyman Hamilton, former president of ITT who is now in business on his own behalf, launched a renewed bid through his Tamco company for City Investing, a diversified financial conglomerate. Sweetening his earlier offer of \$30 a share to \$32.50, he fulfilled the market's expectations. But the response could be slow coming. City is apparently not due to review the offer for some time.

If he pulls it off, Mr. Hamilton will be in for a deal worth around \$12bn. Quite how he proposes to finance this is not entirely clear. He has the backing of a real estate magnate. But he will also have to go to the banks for a fair slice of the price.

Monday	873.51	+ 4.10
Tuesday	877.30	+ 3.49
Wednesday	887.54	+10.24
Thursday	882.45	- 4.09

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980	
	Yday	on Week	High	Low	
T. Ind. Ord. Index	463.5	- 8.3	478.3	404.9	Market consolidating
T. Gov. Secs. Index	69.33	- 1.20	70.53	63.85	Technical reaction
T. Gold Mines Index	349.7	+123.4	377.9	265.5	Strength of bullion price
Asian (E) (London)	150	+30	150	120	Results/3-for-1 scrip issue
AT Inds.	253	-23	274	223	Imperial Gp. sells 4.1m shares
SR	22	- 7	42	22	Further redundancies
Jersey Exploration	256	+44	256	83	Reports of gas find
Jetello Castors	48	-14	62	48	Slump in half-year profits
Johnson Matthey	367	+37	367	205	Press mention
LASMO	792	+80	792	337	Partner in BP oil find
Lucas Inds.	197	-13	264	185	Gloomy outlook for motor ind.
Millard Docks	173	+35	187	113	Assets revaluation
Merthyr	116	-20	270	113	Poor half-year results
Plessey	181	+21	181	108	Results well above estimates
Powell Duffryn	206	+24	206	142	Good annual results
Rolls-Royce	72	+20	72	47	Merger terms from Vickers
Strata Oil	84	+46	123	10	Promising gas find
Thorn EMI	286	-14	328	260	Possible block on scanner deal
Valliant Corp.	108	+48	110	50	Encouraging drilling results
Wolf Tools	106	+44	106	60	Bid from Dobson Park Inds.

Gold: not all plain sailing

MINING

GEORGE MILLING-STANLEY

GOLD 1980, the annual report on the gold market published this week by Consolidated Gold Fields, has been interpreted as decidedly bullish on the future price trend of the metal, and with good reason. The report suggests that supplies of gold to the non-Communist world could drop sharply this year from the 1979 level of 1,765 tonnes.

Mr. David Potts, chief gold analyst with Gold Fields and author of the report, thinks supplies could be as low as 1,100 tonnes this year.

This is largely because of the cessation last month of the International Monetary Fund's four-year programme of auctions, and the fact that the U.S. Treasury is thought to be unlikely to resume sales this year.

Another factor affecting the likely level of supplies is the Soviet Union. Russian gold sales are widely held to be purely for the purpose of obtaining foreign exchange, so that physical deliveries of gold from that source rise and fall in inverse relation to the bullion price, which suggests a reduction in sales this year.

Added to that, Russian sales in recent years have exceeded estimated production, thus reducing stocks, and Mr. Potts is of the opinion that stocks may well have fallen to what the authorities consider minimum acceptable levels.

Nevertheless, despite these indicators of reduced supplies and therefore potentially higher prices, Mr. Potts is not to be drawn into any firm predictions on future price trends. He pointed out that, at a very rough estimate, something like 100,000 tonnes of gold have

been mined since anyone first thought the metal worth digging up. Of that amount, only the 30,000 tonnes estimated to be contained in official reserves can be accounted for with any certainty.

Obviously, there can be nothing like the difference between these two figures, 70,000 tonnes, in private hands at the present day. But Mr. Potts feels confident that, although it is impossible to quantify the amount realistically, there is enough gold in private hands to have a significant impact on the market.

In a market based so much on sentiment, on people's perceptions of future inflation rates, levels of economic activity and political risk, for example, this gold could be a major unsettling factor.

No-one can be certain of the sort of price gold would have to reach before sales of these holdings would reach a significant level. His estimate that the \$850 mark would cause a sizeable shakeout cannot be contested.

The amount of such sales is a matter for pure speculation, but Mr. Potts is of the opinion that they could be enough to delay what he regards as the inevitable march of the bullion beyond the \$1,000 per ounce level for perhaps as much as four years.

Certainly—sales from these sort of gold stocks have had a significant dampening effect on the price in the past. As the report says: "During September 1979 when the gold price passed \$400, there was a considerable amount of selling of kilo bars in Switzerland and Japan by disappointed investors who came into the market for the first time in 1974, when gold was rising towards \$200. These investors had to suffer the double blow of gold falling to \$103 and also the appreciation of their currencies against the dollar."

GOLD USE OUTSIDE THE SOVIET BLOC

(Tonnes)

	1974	1975	1976	1977	1978	1979
Carat jewellery	225	523	935	1,003	1,007	737
Electronics	92	67	77	77	86	94
Dentistry	57	62	77	82	89	87
Other industrial decorative uses	67	59	64	65	76	74
Medals, medallions and false coins	7	21	47	47	50	33
Official coins	287	251	185	146	288	290
TOTAL	735	983	1,384	1,420	1,596	1,315
Total supply	1,247	1,112	1,439	1,642	1,752	1,765
Average price (per troy oz.)	\$159.1	\$161.1	\$124.8	\$147.7	\$193.3	\$385.0

Source: Gold 1980

A similar thing happened when gold passed the \$600 mark on its way to the historic high of \$850 at the afternoon fix on January 21 this year.

The major difference between these two waves of disbanding was that in some places the amount of jewellery involved increased from about 40 per cent of the total to 60 per cent, while the share of gold bars declined in inverse proportion.

This rise in sales of jewellery back to the trade can only have the effect of delaying even further the trade's long-awaited move back into the gold market in a significant way, as jewellery manufacturers will naturally prefer to use up their supplies of "old" or "recycled" gold before embarking on new purchases at new, higher, prices.

The report reveals a fall in purchases of new gold by the carat jewellery trade in 1979 to 737 tonnes from the 1978 level of 1,007 tonnes, which was itself well below the level pertaining at the beginning of the decade (see table). And Mr. Potts commented privately that he foresees a further fall, perhaps to about the 400 tonnes level, in 1980.

This week's speech by the president of the Chamber of Mines of South Africa showed the concern that the gold mining industry feels at these developments. Mr. Dennis Etheridge, current president of the Chamber, said that every effort should be made to ensure that new price levels do not lead to a further drop in consumption from the important jewellery trade. He also gave some details of practical steps that the Chamber is taking towards this end.

Intergold, the Chamber's gold promotion and marketing arm, proposes to set up a commercial advisory service to counsel manufacturers on the various credit, leasing and hedging facilities available to them. A recent survey by Intergold showed that few manufacturers were aware of the existence of these facilities.

In an effort to make the holding of gold more widespread, and now that the price of the one-ounce Kruggerand coin is beyond the reach of many people, the Chamber and the

South African Government have agreed to issue three new coins. These will contain respectively one-half, one-quarter and one-tenth of an ounce of gold, and Mr. Etheridge said that they were expected to be available towards the end of this year.

Beyond that, the Chamber is to launch a gold information campaign in Europe similar to that carried out recently in the U.S.

Another main point of interest this week was the announcement of full-year results from Charter Consolidated, although the scope of last year's reorganisation makes the figures difficult to interpret with any confidence. On balance, it looks as though Charter did better than it would have done had the reorganisation not gone through, with attributable profits of £28m against £23m last time.

The main factor affecting Charter's immediate future is whether the BP bid for Selection Trust goes through. If it does, Charter's 25.8 per cent stake in Selection Trust can be expected to fetch a good £100m.

It is unlikely that we should see any radical change of direction by the Charter management, and the proceeds of any sale would probably be used to further existing interests, which lie in the UK and Europe (just over 50 per cent), North America (20 per cent) and Australasia and the Far East (18 per cent).

This week saw the introduction to the market of SPO Minerals, which aims to become the UK's leading producer of barytes, an industrial mud used in oil and gas drilling. The company also intends to become a major UK source of lead concentrate, and will in addition be a supplier of fluorspar and sands. There is even a chance that silver may be recoverable from SPO deposits in saleable quantities.

The intriguing thing about all this is that SPO will not be engaged in mining activity at all, as its raw materials are all available in waste dumps and old surface workings scattered over the 80 square miles of the South Pennine Orefield in Derbyshire.

The trend is up down under

ONE bull market a year is enough for most stock exchanges. Yet, before 1980 is even half over, Australia is well into its second bout of share price fever. The first dated roughly from the Soviet invasion of Afghanistan late last year and hotted through until mid-February, when the Sydney All-Share Index collapsed by more than 100 points to under 800.

Now the market is again nudging the 900 level, spurred by heavy foreign interest in resource stocks. This week is the last of the Australian financial year and is normally a sedate period of book-squaring. Over the five days, however, trading volume in Sydney and Melbourne has exceeded A\$200m, roughly 40 per cent above the previous week's level and probably the highest for this period since 1968.

Some of the speculative stocks have seen violent price action. Strata Oil, which was listed only three months ago, has climbed from 25c to \$1.70 in June alone. The price rise was based on the announcement of an on-shore gas find which, it claims, will yield 12½ cubic feet per day.

The news was certainly exciting, but in some cases resource stocks are discounting earnings many years away. Investors with painful memories of the 1969-1970 Possession crisis will remember the dangers of allowing projected earnings to run away with the share price.

Speculative resource stocks are experiencing the same U.S.-based euphoria that has periodically infected the Canadian market. Retail salesmen, marketing second-line companies on a commission basis, are pushing exploration ventures with neither a record nor, in some cases, much in the way of assets.

The speculative punting in the market is, however, underpinned by some more realistic appraisal of Australia's growth prospects. The Australian dollar, for example, looks undervalued on a medium-term view. Private capital inflows totalled \$606m last month, compared with \$236m in May of last year. With exports of minerals and metals expected to build up over the next few years, the dollar appears to offer a safe home for foreign funds.

Compounding the favourable foreign exchange position, is a yield on local authority bonds of between 12.2 and 12.6 per cent—one of the highest real returns in the industrialised world. Inflation is running at under 11 per cent.

Yet in spite of a reverse yield gap of around 6 per cent, most of the foreign funds are flooding into equities. UK institutions are reported to be heavy buyers of leading resource companies, such as CSR and BHP.

Australian companies will be reporting their annual figures in a few weeks time, and against a background of sharply rising oil and metal prices, institutions are clearly hoping to cash in on some impressive earnings.

More important, however, they see Australia as a politically stable area offering a very high potential return over the long term. Several Australian brokers insist that, by contrast with the speculative fever of 10 years ago, institutions are looking for companies with proven findings that will offer a hedge against inflation years from now.

This trend, they say, is masked by the eye-catching activity in exploration companies which may not live to pay a dividend.

There are technical reasons why the market could maintain its current strength. Domestic liquidity is poor at present, largely because of seasonal tax payments and heavy public sector borrowing ahead of the year-end, but it should pick up later in the year.

Nonetheless, when a broker recommends a company on the basis of 1985 earnings—as has happened this week—it may be time to think again.

John Makinson

Two New Insurance Contracts from Gartmore

For investors who require the advantages offered by insurance linked investment into unit trusts, Gartmore Fund Managers are pleased to announce the introduction of their new Maximum Investment Plan and Single Premium Bond underwritten by Lloyd's Life Assurance Limited.

Gartmore Fund Managers, part of a large organisation managing funds of £700 million and Lloyd's Life Assurance, the company formed by Lloyd's of London, probably the best known insurance institution in the world, have offered unit-linked policies for some years. These new schemes succeed those previously offered and now there are no fewer than 17 funds to which the policies can be linked.

Any policies taken out under the previous schemes are unaffected by the new policies and no action is required of existing policyholders.

We have prepared comprehensive booklets on the new plans and investors, or professional advisers, requiring details should complete the coupon below and forward it to the address shown. Alternatively, to discuss any aspects of the schemes, you may telephone us on the number below, or Lloyd's Life Assurance on: 01-247 7609.

To: Gartmore Fund Managers Ltd., 2 St. Mary Axe, London EC3A 8EP. Telephone: 01-633 6764.

Please send me details of your new insurance linked schemes.

Name (TITLE/MR/MRS/MISS)
Company
Position
Address

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£700,000,000 under Group Management

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FFI TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 18.7.80 are fixed for the terms shown:

Term (years)	3	4	5	6	7	8	9	10
Interest %	13½	13½	13½	13½	13½	13½	13½	13½

Deposits to and further information from the

FINANCE AND THE FAMILY

Search forms and questions

BY OUR LEGAL STAFF

I am about to buy a house. Is it necessary to instruct my solicitor to ask the local and county authorities supplementary questions, i.e., in addition to those on the search forms, or could one assume that a solicitor is negligent if he does not do so on his own initiative? I am particularly concerned about some vague rumours of road schemes.

You do not need to give specific instructions in relation to matters which are of concern to any house purchaser; but if you have any particular concern which might not be of general application, you should instruct your solicitor about it. Although probably not necessary, we think it would be prudent for you to explain to your solicitor that you are concerned about road schemes and would wish to know if any scheme is under discussion, even if not matured. After all what you want is to have the right questions asked, not to have a lawsuit with your solicitor.

A second charge on land

I am purchasing some unregistered land from a bank which is a mortgagee in possession. There is a second charge on the land registered at Land Charge Registry. What is the earliest time that I can successfully insist on the second charge being

removed from the Register on the fact that the first mortgage over-reaches the second mortgage? Over the conveyance by the bank to me, have I to mention the question of the conveyance over-reaching the second charge?

Unless the second charge is redeemed, the earliest you can require the registration to be cancelled is on completion of the sale, that is, immediately after the conveyance to you. The conveyance does not have to mention the over-reaching effect of the sale, but it should recite that the vendor is selling in exercise of its rights as first legal mortgagee.

Boundary fence site

The lease of my ground in South Glamorgan was granted in 1956 to the original builder of the house I now occupy. Subsequently, the original ground landlord sold his interest to the present one who also owns the adjacent land. It is from this second landlord that I purchased the freehold in 1976. Requiring to replace a boundary fence, I now discover that the ground areas shown on the lease and freehold documents do not coincide. Although these documents are not fully dimensioned, the

freehold contract of 1976 shows a longer area by some 20 feet at one end of the garden. Now, please, should I proceed? You are entitled to erect your fence along the boundary shown

on the plan annexed to the conveyance to you of the freehold. Your solicitor should have been satisfied at the time of that conveyance that your vendor had title to all the land conveyed. If he had such title

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Rights to a company pension

The company I worked for, part of a conglomerate, has recently sold this company to another conglomerate, so in actual fact I have not changed my employer.

However, I have been ejected from the pension fund of the first company, which is contributory, and offered an immediate membership of a non-contributory scheme of the new owners. All I have been offered from the old fund is a guaranteed pension purchased with "not less than my own contributions." The new owners on their part, whilst they have offered immediate membership of their scheme, have not offered any added years. As I am 55, I will certainly lose out a great deal if this is carried through, especially if I retire early.

What rights, if any, do I have? From what you say it would appear that on the sale of the company for which you work by its parent, you and all other employees would cease to be eligible for membership of the parent company's pension scheme because your immediate employer ceased to be part of the group of companies entitled to participate in the parent company's pension scheme.

In such circumstances you should be entitled to the benefits normally available to any employee on leaving service. The actual amount of pension would normally be calculated according to the formula applicable to your previous parent company's scheme. For example, if you had done ten years pensionable service in a scheme giving 1/80th final salary per year of service, then this would mean that you would get 10/80ths of your pension-

able salary on the date you ceased to be a member of the old scheme.

The reference to the pension under the old scheme being guaranteed as "not less than your own contributions" is a fairly standard one. Contributions to a pension scheme by an employer represent a total of individual costs ranging from very expensive older employees to young employees whose own contributions may be sufficient to provide for their pension accrual in the early years—but not in the long-term. This guarantee simply means that if a young employee left and his own contributions would buy more than the appropriate number of 80ths or 60ths then he will get the benefit of what ever his contributions will buy.

As you are 55, this guarantee is likely to be inappropriate to your own situation—it is much more probable that you will derive benefit from a substantial amount of employer's contributions. A new parent company cannot be expected to pick up the tab for past service liabilities. He is offering you what sounds like a better pension scheme for your future years service. He may have bought your employer's business as part of a rescue operation and feels he has done enough already by providing you with a job. Such a change is hard luck on employees because your paid-up pension plus your new pension will not give you the level of retirement income that you would have enjoyed had you remained with one company.

N/80ths of your salary at 55 may with current rates of inflation only be worth half or a quarter of N/80ths of your salary at 65.

The only industry that has found a solution to this problem is the retail motor trade where those employers who participate in the MAA National Motor Industry Pension Plan operate an inter-transfer system so that employees can move from company to company and take their years service with them. But even so, there are still quite a number of employers in the motor trade who have not yet joined this plan.

A promissory note

I'm being sued on a promissory note which I signed. It was for an outstanding amount to enable my husband and me to obtain the keys of a furnished house. The lease being in the sole name of my husband. My husband claims that he has overpaid the ex-landlord by the equivalent amount of the promissory note. Is this a valid defence for me, or does my husband have to sue in his own right for overpayment? The overpayment by your husband is not a defence available to you on the promissory note; your husband must claim repayment of the sum overpaid. He should do this by proceedings in the same court, and apply for the two actions to be heard together.

Deductions and surcharge

If in the year 1978/79, when the starting point for investment income surcharge was £1,700, a taxpayer's interest (grossed up) from Building Society Investments exceeded this figure, was it permissible and to the taxpayer's advantage to offset mortgage interest payments and other allowances acquired his Building Society income, in order to reduce or eliminate liability for investment income surcharge?

Have seen certain literature which suggests that expenses should not be offset against building society interest. If this is the case, am I right in concluding that in these circumstances it is in the taxpayer's interest to limit building society interest (gross) received to the threshold of investment income surcharge and ensure that any further investment income is taxable in the normal manner and can be used for offsetting mortgage interest payments? An example of what I have in mind is: earned income £8,000, Income from Building Societies (grossed), £2,000, Mortgage interest paid £2,000.

(Surcharge threshold: £1,700). Is the surcharge payable on £300?

In fact, the taxpayer does not have to choose how to allocate his deductions; they are automatically offset in the most beneficial manner. Section 34(2) of the Finance Act 1971 says:

"Subject to any express provisions of the Income Tax Acts, any deductions allowable in computing a person's total income or to be made from a person's total income shall be treated as reducing income of different descriptions in the order which will result in the greatest reduction of his liability to income tax."

In your example for 1978-79 (of a taxpayer born after April 5, 1914, with earnings of £8,000 and building society interest of £1,340, paying £2,000 mortgage interest), there would indeed be an investment income surcharge liability of £30. If the £1,340 investment income had comprised building society interest of £1,139 and UK dividends of £201, there would have been no surcharge liability. Similarly, if the taxpayer had received £1,139 building society interest and £200 interest on a new bank deposit account, there would have been no surcharge liability.

Mandating of dividends

With reference to our reply under "Mandating of dividends" (June 14), we should point out that while there is no legal obstacle to assigning the income from a designated shareholding to another person, this could have unfortunate tax consequences for one party or the other and should only be done on expert advice.

TARGET ENERGY FUND

This unrivalled opportunity to invest in energy is closing soon

Crucial Investment Area

The purpose of the new Target Energy Fund is to provide investors with an opportunity to acquire a managed stake in the energy field—both economically and politically a crucial investment area.

The Fund will be invested substantially in British and American securities as these two countries have the greatest experience in the discovery and exploitation of energy resources. Of course investment will also be made in other countries if it appears to serve the aims of the Fund.

Outstanding Growth Potential

The aim of the Fund is to achieve long term appreciation of investors' capital but the Managers also attach importance to increasing the distributable income. The Managers believe that the energy sector is one with outstanding potential for profit growth and that companies which reflect increasing profits in their dividend policy will, in the longer run, see the greatest increase in the value of their shares.

The importance of energy is recognised worldwide. The recent substantial rises in the price of oil have led to an increase in the price of most other forms of energy. Thus exploration and production of energy, even in the more inaccessible areas, is becoming viable. This could well result in an acceleration in the establishment and growth of

A strictly limited offer of units at

5% DISCOUNT

energy related industries. Through Target Energy Fund unitholders can achieve a prudent spread of investments in such companies.

Profitable Investment Opportunities

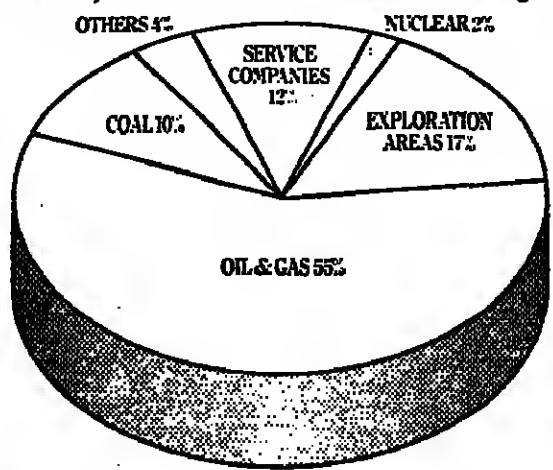
The portfolio will not be confined to energy seeking and producing companies. It will also include the shares of companies which research or market energy conservation techniques. Many energy sources, the classic example being oil, are available only in finite quantities. Conservation is thus important and the Managers believe that profitable investment opportunities will be found among companies providing advice, goods or services in this field.

The initial portfolio is being selected from the following shares:

(Other companies may of course be included at the Managers' discretion).

OIL & GAS 55%
Established Producers
Adco Oil & Gas
B.P.
Burmah
Conoco
Getty Oil
I.C. Gas
Interco Gas
LASMO
Marathon Oil
Natamas
North European Oil Royalty Trust
Premier Consolidated
Ranger Oil
Shell T&T

Shell Oil
Sohio
Standard Oil of California
Standard Oil of Indiana
Strathairn Wells
Teikoku Oil
Texas Oil & Gas
Tipperrary Corp
Tricontrol
Ultramar
Union Oil of California
United Energy Resources
Woodside Petroleum
EXPLORATION AREAS 17%
Aran Energy
Carless Capel



Tax Advantage

Subject to the enactment of the Finance Bill, 1980, an authorised unit trust such as Target Energy Fund will be exempt from tax on its capital gains with effect from 31st March, 1980. This represents a major concession which substantially increases the already considerable attractions of unit trust investment.

Special 5% Discount

Target Energy Fund has been formed by the acquisition of an £18m investment trust with a long standing interest in the energy sector. Several former shareholders of this investment trust are institutions such as pension funds, life assurance companies, investment trusts and unit trusts. Many of these institutional shareholders, despite having their own investment and research departments, intend to retain a significant part of their resultant units in Target Energy Fund. The remainder of their holdings, which are to be sold back to the Managers, are being made available to the general public at a discount of 5% in this strictly limited offer, which may be closed at any time.

Units in Target Energy Fund are on offer at 52.1p each, less the special discount of 5%. The current gross annual yield is 3%.

Remember, the price of units and the income, from them can go down as well as up.

You should regard your investment as long term.

The battle over a lost suitcase

INSURANCE

JOHN PHILIP

ITEMS OF luggage are seldom if ever weighed separately at airports—practice is to load all the individual's luggage on the machine or even to put all the family's together, and check that in aggregate it is within the baggage allowance.

Pressure at check-in desks scarcely allows any other course and no doubt the traveller with several items would get short shrift if he tried to get each weighed separately. Yet this is what he perhaps should do. In the light of the evidence and legal argument in *Bland v British Airways Board* in which the Court of Appeal gave judgment on June 20.

The dispute concerned a lost suitcase and its contents—or rather the value of that suitcase and its contents, for there was never any argument that it had been well and truly lost.

Mrs. Bland had set out from America with six pieces of luggage, weighing 75 kgs—but at Heathrow one was missing. Mrs. Bland's insurers accepted her claim for £304.95 and then sought to recover this sum from the airline.

The airline relied on article 22(2)(b) of Schedule 1 to the Carriage by Air Act 1961, to limit their liability; by this rule compensation is related to weight of the package concerned.

The airline made up a package as near as possible to Mrs. Bland's description, weighed it, found it was 75 kgs, and therefore offered her insurers £145. Mrs. Bland, incidentally, admitted that the reconstructed package was probably heavier than the case she had lost.

Surprisingly, in the face of the evidence, the County Court judge held the airline liable to pay insurers in full—not so surprisingly the Court of Appeal decided that £145 was enough.

In the course of argument, counsel for the airline said it was common practice, if a passenger could not help on weight, to take the total weight of that passenger's luggage, and if any item had been lost out of six, to take one-sixth of the total weight as being the weight of the lost item.

Limitations of compensation by weight applies between passenger and airline, or between passenger's insurers and airline once insurers have met this claim.

But between passenger-policyholder and insurers under a baggage policy or a travel insurance including baggage cover, there is no question of value limitation by weight. In theory the passenger can insure his baggage for its full value, though in practice, particularly under package policies, the passenger will find insurers impose financial limits.

Most holiday travel insurers now provide around £500 worth of cover per traveller, usually with a limit of £75 or £100 any one article, though there may also be a limit of £100 set as the maximum payable for jewellery, cameras or other valuables. Nowadays also many insurers provide combined baggage and money cover in their travel policies, and where this is done, usually up to £100 of money cover is afforded within the total financial limit.

This means that the traveller who starts out with £100 of money and/or travel cheques straightaway has his £500 baggage cover reduced to £400.

Because package holiday insurances are sold for fixed premiums the traveller cannot have such limits changed for extra premium—he must buy separate extra cover for his excess value items—indeed if excess value is a real problem, he probably does better to avoid the package insurance entirely.

When it comes to making a baggage claim for a suitcase lost, the policyholder had to prove his claim to his insurers in much the same way as he has to prove a claim under a household or car risks policy—he must indicate the circumstances of the loss and substantiate as best he can the value of the missing property.

Beyond this he has an extra duty, imposed by policy conditions, as soon as he knows of the loss he must give immediate notification to the airline carrier, so as to preserve his insurers' subrogation rights once they have met his claim.

Where property is lost or damaged, not in transit, but at the traveller's temporary residence abroad, other policy conditions may be applicable; for example, some insurers require notification of loss to the local police—but not because they reckon that such notification brings about the recovery of lost property; rather, the theory is that this requirement deters the potential fraudulent claimant.

Applications and cheques will be acknowledged. Certificates will be sent within 42 days of the close of the offer. You may sell your units at any time at a price which will not be less than that calculated by Department of Trade regulations. Payment will be made within 10 days of receipt by the Managers of the renounced certificate. Prices of units and yield are quoted daily in the National Press. An initial charge of 5% is included in the sale price of units out of which remuneration is paid to qualified intermediaries. Rates are available on request. The Managers reserve the right to close the offer before the date stated if the offer price varies by more than 2½%. After the close of the offer units will be available at the daily price. Income less tax at the basic rate will be distributed

on 28th February and 31st August each year. The Managers are entitled to deduct an annual charge of 1% of the value of the Fund plus VAT from the income of the Fund. However, the annual charge will be ¾% for the time being and should the Managers subsequently wish to change the maximum permitted by the Trust Deed, they will give unitholders three months' written notice in accordance with the provisions of the Trust Deed. Units purchased now will qualify for the distribution on 28th February, 1981.

Investment Advisers: Curtil Investment Management Limited (A subsidiary of Target Trust Managers Limited). Trustee: Midland Bank Trust Company Limited Managers: Target Trust Managers Limited (A member of the Unit Trust Association) Garford House, 31 Grosvenor Street, London EC2V 7DT. Telephone: 01-600 7533.

Offer closes on or before 9th July, 1980

TARGET TRUST MANAGERS LTD. (Dept. T.O.) Target House, Gatehouse Road, Aylesbury, Bucks. HP19 2ER. Registered in England No. 847346 at Target House, Gatehouse Road, Aylesbury, Bucks.

I/We wish to invest £ in Target Energy Fund at 52.1p per unit less 5% discount and enclose a cheque made payable to Target Trust Managers Ltd. (Minimum investment: £300).

Signature(s) _____ Date _____
If there are joint applicants all must sign and attach names and addresses separately.
Full Name(s) (Title) _____
Please write in block letters
Address _____
This offer is not available to residents of the Republic of Ireland.
Total Funds under Management: £130,000,000.
A subsidiary of Rothschild Investment Trust Limited.

YOUR SAVINGS AND INVESTMENTS

Richard Lambert looks at the Wilson report and what it means to savers

A spur for change in running the City

IT IS 615 pages long, and not exactly a snappy read. It is not going to lead to any major spate of legislation—indeed it seems to have provoked little but yawns in Whitehall. All the same, the Report of the Wilson Committee on the financial institutions is of lasting importance to the City and to the savers who rely on its services.

Eighteen men from as wide a background as you could imagine have sifted through a mountain of evidence over a period of three and a half years and have concluded that there is no call for any radical changes in the financial system. In particular, there should be no extension of the public sector into banking and insurance, and there is no need to establish a new statutory body to police the City.

But this is not a whitewash job, for there is also a long list of detailed proposals for change. Some are petty, but in general the recommendations highlight a number of desirable changes which are already under way in the financial system. This public prodding from the Wilson Committee can only help to accelerate reforms.

One broad theme is the need

to impose the idea of greater public accountability on the most lofty institutions in the City. Things have already moved some way from the days when City men tended to divide themselves up into a number of exclusive clubs, and to think that the public ought to be grateful for being allowed to give them its money. The Stock Exchange, in particular, has become more sensitive to its broader responsibilities in recent years, and others are following its lead. Even Lloyd's is now coming to grips with the pressures of a rough tough old world.

Wilson wants to take the process further. A lot more outsiders should be introduced on to the governing bodies of the likes of the Bank of England, the Stock Exchange and the Council for the Securities Industry.

He has also underlined the growing powers of the pension funds, and the lack of a comprehensive framework for overseeing them. Even without any further improvements in benefits, further real growth in their size can be expected in the years ahead, simply because of the increase in the average

length of membership and the funding of past improvements. Pensioners currently amount on average to about a sixth of average male earnings, whereas ultimately they could be expected to amount to a third or more.

Over the next 20 years, the net inflow to these funds could rise to about £50m a year at 1978 prices. Some way has to be found to make economic power on this scale fully accountable—both to the people most directly concerned, that is the beneficiaries of the funds, and to the public at large.

The best way to achieve this, as the more progressive trustees have already recognised, is by fully and freely disclosing all aspects of each fund's financial performance.

Wilson says there should be a new pensions scheme act, a bit on the lines of the Companies Acts, to oblige trustees to open the books regularly. And if the funds themselves do not voluntarily produce a satisfactory system of disclosure, he is absolutely right.

The home loan industry is another important area where this report could act as a catalyst for changes which are

already under way. The building societies recently concluded that they should establish as quickly as possible a competitive rate system capable of meeting mortgage demand more effectively—and Wilson will spur them on in this resolve.

Between 1968 and 1978 the number of building society branches jumped from 1,662 to 4,595 and over the same period management expenses, expressed in terms of pence per £100 of mean assets rose from 62p to 98p. Had it been possible to hold expenses at 1968 levels, the gap between mortgage interest rates and deposit rates 10 years later could have been a third of a point lower.

Wilson says that by encouraging non-price competition, the building society interest rate cartel is wasteful of resources and so it should be abolished. In the short-term, as some newspapers headlines did not hesitate to shriek out the result could be a rise in the cost of mortgages. This is because when the rate was drafted, the rate was held below market levels and a lot of people were queuing to buy houses. Since then the recession has cut the queues as we reported last week.

Just as the clearing bank

cartel (which was abandoned in 1971) is now recognised to have been bad news for just about everyone except foreign intruders, so the building society cartel in a few years time is likely to be remembered as a quaint relic of another age.

The Report performs another important service by describing the way that biases in the tax system have favoured some forms of saving over others, and led to imbalances in the financial markets. In terms of tax, it is far less efficient to own shares directly than it is to have an indirect interest through a pension plan or life assurance policy. The owner occupier, too, has big tax benefits—some of which could never have been envisaged by the politicians.

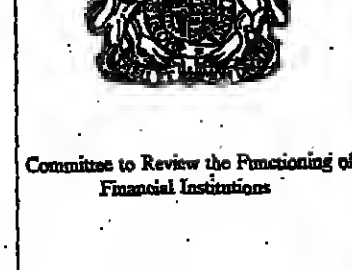
For instance, homeowners in 1977 cashed in on the increase in the value of their investment to the tune of about £500m tax free by trading down to a cheaper house, or by raising a larger mortgage than they strictly needed when buying a new house.

Complete neutrality of tax treatment for different types of financial institution is not necessarily practical—or desirable. Savers who had bound themselves to one form of in-

vestment on the basis of its tax advantages would be pretty sick if the rules were changed overnight. But the impact of distortions should always be recognised, and unintended and unnecessary biases should be eliminated in due course.

One idea would be to extend the tax relief now available to life assurance premiums to cover any other contractual form of medium or long term savings plan—with a unit trust or building society, for example. It would also make sense to put the tax treatment of interest payments by all deposit taking institutions on a common footing. More controversially, Wilson suggests that the tax arrangements for government borrowing should generally be brought into line with those which apply to other borrowers. Bang would go those low coupon gilt edged stocks designed especially with the high rate taxpayer in mind.

Above all, this Report will be remembered for its analysis of the all-pervading influence of inflation on investment and borrowing decisions by the state, companies, and private individuals. It shows that the average real cost of capital is now almost certainly higher



Committee to Review the Functioning of Financial Institutions



than the average real profitability of industrial and commercial companies. No wonder companies are slashing back their investment plans all over the place.

For the private investor, there is a table of calculations which illustrates in as concise a way as could be imagined, the way in which they have been sandwiched over the past decade.

REAL RATES OF RETURN (% per year)	
	Gov't Mt equities stock
Jan. 1950-Dec. 1959	12.6 -1.7
Jan. 1960-Dec. 1969	5.4 0.5
Jan. 1970-Dec. 1979	-2.1 -4.5

And these, mark you, are pre-tax figures. The figures would

obviously have looked a lot worse if they had allowed for the taxman's take.

If there were ever to be such a thing as a savers' lobby, these numbers would surely be embroidered on their banner. The Wilson Committee was unable to agree among itself about the desirability of issuing index linked government bonds.

But if it has not been done already, let's start a campaign now. Granny bonds for all, and not just in measly numbers, either. If individuals were allowed to buy, say, £20,000 worth each, the Government would be able to tap new sources of revenue and savers would not have to feel so punch-drunk.

TSB tackles the giants

THE TRUSTEE Savings Banks' foray into the house insurance market has resulted in 8,000 policies being issued in the first year of operation at an average premium of £30.

Around 40 per cent of the contracts were to insure houses, the remainder to cover contents. Taken at face value, the TSB has not made any impact on this sector of personal insurance. There are nearly 11.5m owner-occupied houses in the UK and over 21m households. The TSB's marketing results are a drop in the ocean.

But the TSB Trust Company's entry into this field, taking on the insurance giants, was based on an entirely new concept for home insurance. It is significant that while it has obviously sold well through TSB branches, nearly 25 per cent of policies

COMPARISON OF PREMIUMS FOR HOUSE CONTENTS INSURANCE						
Company	2-Bed Terrace Min. £7,500*		3-Bed Semi Min. £12,000		4-Bed Detached Min. £18,000	
	London	Country	London	Country	London	Country
TSB	32.50	17.50	55.00	31.00	85.00	49.00
Commercial Union	52.50	33.75	81.75	51.75	120.75	75.75
General Accident	52.50	30.00	84.00	48.00	126.00	72.00
GIE	56.25	22.50	90.00	36.00	135.00	54.00
Norwich Union	52.50	26.25	84.00	42.00	126.00	63.00
Royal	45.00	26.25	72.00	42.00	108.00	63.00
Sun Alliance	60.00	26.25	96.00	42.00	144.00	63.00
*Minimum sum insured.						

*Minimum sum insured.

were taken by non-TSB users.

With a house insurance policy from other insurers the householder has to calculate the cost of rebuilding his house and add up the total replacement value of the contents. If he gets these sums wrong and pitches the value too low, there can be problems if a claim arises. Many companies are giving strict warnings that the amount paid out in the event of a claim could be reduced if there is severe underinsurance.

The TSB contract for both house and contents can avoid this problem and any consequent unpleasantness over a claim. The TSB, and its underwriters Provincial Insurance,

estimate the average cost of rebuilding a house, and the average cost of its contents for various types of house. Then this average value was made the minimum sum insured.

If a claim arises, the TSB pays out the full replacement value of the items involved, up to the sum insured, without question. All very simple and straightforward.

Cover under the policy is kept up to date by automatic index linking, with the premium rising accordingly. The TSB, on June 1, raised the minimum sums insured by 20 per cent in line with inflation over the past 12 months. But it manages to keep premiums low by insisting

that the householder pays the first £25 of each claim. This cuts out the small claims which cost so much per unit to administer. The insurance companies do not, in general, impose such an excess.

At the time of the launch last year, the TSB premiums were the cheapest on the market for the equivalent sums insured, especially for Central London. Critics said the rates were unrealistic.

This gloomy prognosis has only been borne out in the London area, where the TSB has increased its rates slightly. Of course, premiums under TSB policies will rise because of the index linking. But the TSB rates are still highly competitive for contents insurance as the table shows.

E.S.

A crumb of comfort after the 30% warning to motorists . . .

MOTORISTS HEARD two disturbing news items this week. On Wednesday, Mr. Geoffrey Bowler, outgoing chairman of the British Insurance Association, said insurance companies need at least a 30 per cent increase in motor premiums to get their motor accounts straight.

On the same day, the Automobile Association's magazine Drive claimed that lack of control by insurance companies over repair costs was resulting in larger-than-justified claims and hence leading to higher-than-necessary premiums.

Mr. Bowler's warning is not an exaggeration. The insurance companies last year lost £57m on their motor business. And with inflation now in excess of 20 per cent, 30 per cent looks a realistic figure if they want to pull out of the red.

CAR INSURANCE

ERIC SHORT

Mr. Bowler, however, had some comfort for motorists. Because of keen competition between insurance companies, he said, the actual rises would be much less than 30 per cent. Mr. John Shearer of General Accident, for instance, feels that increases will vary between 19 and 26 per cent, depending on the level of the company's existing rates.

This less pessimistic view seems to be confirmed by the Co-operative Insurance Society, a major motor insurer with 700,000 motorists on its books. One of the few companies that

has managed to hold its premiums steady for 12 months, it is lifting its motor premiums by 20 per cent from next Tuesday.

The CIS made a £2.7m loss in 1979 on its motor business. And so far this year, average claims costs are 25 per cent higher than a year ago, though this is being partly offset by much fewer motor accidents being claimed. Last year was an exceptional one for claims because of the severe winter weather. But the CIS is also finding that the number of claims is less than in 1978, regarded as a normal year. This could indicate that people are tending to drive less because of the increases in petrol prices.

Motorists should get a better indication of the level of premium increases in the next month or two. General Accident, the largest motor insurer in the

UK, put its rates up in February by 12 per cent, but another increase is almost certain to take place in August. The only real question is by how much.

The insurance industry has been offhand to say the least in replying to the accusations of the AA regarding repair costs. There has been no official statement by the BIA.

Leading companies all state that they have their own highly trained engineers to inspect damage to cars and their own list of approved repairers, which do a good job at reasonable cost. There they seem content to leave the situation as it stands.

But this is a grey area in motor insurance and the insurance companies need to be more positive in convincing policyholders that they are not paying too much.

The Monks Investment Trust Limited

Summary of Results for year to 30th April		1980	1979
Total Net Assets at Market Value		£58,506,057	£68,564,673
Ordinary Shares:			
Asset Value	68.5p	74.4p	
Earnings	2.51p	1.90p	
Dividend	2.40p	1.85p	
Geographical Distribution of Investments		%	%
Equities: United Kingdom	52.5	50.8	
United States	33.4	22.3	
Japan and S.E. Asia	5.6	3.5	
Other Countries	8.1	1.8	
Total Equities	99.6	78.4	
Fixed Interest Stocks	0.2	18.0	
Deposits and Net Current Assets		3.6	

Excerpts from the Statement by the Chairman, Mr. Michael Hamilton

● Earnings per share rose by 32%, from 1.90p to 2.51p. This includes 0.15p from non-recurring dividends declared but withheld during the period of dividend limitation. We are recommending a total basic dividend of 2.25p and a special dividend of 0.15p making a total of 2.40p compared with 1.85p for the previous year.

● The asset value per share fell by 7.9% to 68.5p compared with falls of 10.7% in the FT Actuaries All-share index and 22.9% in Sterling terms in the comparable U.S. index after allowing for the abolition of the Premium.

● We are now in a fully invested position with 99% of our assets in equities. This is partly due to the sale of British

Government securities to finance the purchase of Dollars to repay \$18.5 million of loans, and to the complete sale of Deutschmark Bonds. Two months before the year-end we took this stage further by borrowing £3.5 million and investing the proceeds in equities, mainly in the U.K. and U.S.A. We believe that in the long run, with the likelihood of continuing inflation together with some element of economic growth, the borrowing should be an advantage to shareholders.

● Increases in dividends on the scale of last year are unlikely to be repeated, but we nevertheless expect to be able to pay a total dividend in excess of last year's basic 2.25p per share.

Copies of the Annual Report may be obtained from

Baillie Gifford & Co.

3 Glenfinlas Street, Edinburgh EH3 6BY

BLOCKING THE PROFIT DRAIN

As a controlling director of a private company, you are aware of the drain of Corporation Tax upon profits. Reducing the drain to a trickle—even stopping it altogether—may be easier than you think.

Simply ring John Housden on 01-686 4355 or send your letterhead, marked (FT/B/ERP) to:

Hill Samuel Life Assurance Limited

FREEPOST, 12-16 Addiscombe Road, Croydon CR9 9EH.
(FREEPOST—NO STAMP NEEDED)

The big boys and Clause 56

THESE DAYS the big boys are seldom eluded out . . . And so it proved again this week when it emerged that the life insurance lobby has persuaded the Government to change its mind about a small, but not insignificant clause in the Finance Bill.

The clause, No. 56, effectively gives unit trusts the incentive to launch authorised funds specialising in Government securities. At the moment such funds are unattractive because they are treated by the Inland Revenue as companies—their income is taxed at 62 per cent, which compares unfavourably with individual investors who pay their own marginal rate of income tax if they invest directly in gilts.

The Bill has eliminated this disadvantage by making provision for funds which deal only in fixed interest securities (gilts, debentures, local authority bonds, etc.) to pay tax on their "unfranked" income at the basic rate of 30 per cent.

To many people's surprise, however, these funds were originally restricted to individual investors or trustees of a trust under which nobody other than an individual could benefit. This particularly upset the life companies who felt their investors could miss out. Now the Government has promised to amend clause 56 when the Bill reaches the Report stage in the House of Commons. As a result corporate investors, including life companies, will be able to take advantage of the concession.

The development is of particular interest to individuals making regular savings through a life company. It means that they will be able to get the benefit of life insurance premium relief (a credit of 21 per cent at the moment, or 17.6 per cent from April next year) and gain access to a reasonably tax-efficient gilt fund at the same time.

Life companies generally have their own internal gilt funds, which pay corporation tax on their income at a rate of 37½ per cent. Some companies could well consider converting these funds into authorised unit trusts. On the other hand, as several observers were quick to point out, unit trust investors have to pay capital gains tax on gains above £3,000, while gilts held directly or in a life company fund for more than a year are exempt from CGT. The issue is by no means clear cut.

Tim Dickson

Take off to Top Interest Rates

WITH NEW HIGH RETURN OPTION SHARES

Now your savings can take off to top interest rates with Leeds High Return Option Shares. You can choose the way your money works for you.

Top interest all the way. Unlike some other schemes, the Leeds Permanent lets you start with top interest on a 5-year term. And when your term is up, you don't have to start again. You can continue to earn top interest as long as you're in the scheme.

Even higher interest. On any term, leave your interest with your savings and the Leeds will compound it every six months to give you an even higher rate—something many building societies don't do.

Keep your options open. You may choose any term of 1, 2, 3, 4 or 5 years to start. If you stay in the scheme, your extra interest rises year by year to the top.

You're in command. Invest from £500 up to £20,000 (£40,000 for joint investors). Call in at your local branch or just fill in the coupon.

Even more freedom. The Leeds scheme, unlike many others, does not require you to take your money out at the end of your initial term. Afterwards, you may withdraw your money plus interest, anytime, by giving three months' written notice.

Take your interest as income or leave it to grow with your savings.

	11.04%	11.30%	11.83%	12.36%	12.89%
*Net growth (leave your interest in)					
*Net income (take your interest out)	10.75%	11.00%	11.50%	12.00%	12.50%
Gross equivalent growth	15.77%	16.14%	16.90%	17.66%	18.41%
Gross equivalent income	15.36%	15.71%	16.43%	17.14%	17.86%
Initial term	1 year	2 years	3 years	4 years	5 years

*Basic rate income tax paid. Gross figures show the equivalent annual return to a saver who pays income tax at 30%. Interest rates can vary but the High Return Option Share differential above the Paid-up Share rate is guaranteed at 2% for 5 years, 1.50% for 4 years, 1% for 3 years, 0.50% for 2 years and 0.25% for 1 year. When your investment reaches the maximum, you must take the income option.

— FILL IN THE COUPON AND SEND IT TODAY (NO STAMP NEEDED) —

To: John Handforth, Leeds Permanent Building Society, FREEPOST, Leeds LS1 1SQ. Please send me more information/an application form on High Return Option Shares.

Mr/Mrs/Miss _____
Address _____
Postcode _____

FTS

IT'S EASY TO FORGET YOU'RE DRIVING AN ESTATE CAR.

Imagine yourself driving along in a new Mercedes-Benz estate. You have a full load on board and yet it's still difficult to appreciate that you're at the wheel of an estate car.

Because it just doesn't behave like one. In other words, a Mercedes-Benz estate is designed to behave just as certainly as a Mercedes-Benz saloon.

One particular reason for this is our automatic self-levelling device. The overall load and weight on the rear axle are constantly monitored by a Hydraulic sensor.

This instantly passes information to the self-levelling device, which is controlled by the oil pressure.

So, whenever the engine is running the device is operating. As a result, you have full spring travel throughout your journey.

We also apply the same exacting Mercedes-Benz standards to roadholding, handling and safety.

Take safety standards, for example. Mercedes-Benz were the first to separate safety standards into two areas, known as 'passive' and 'active'.

In short, the former will give you the best possible protection in the event of a collision and the latter the best possible help to avoid just such a situation in the first place.

The key to passive safety is a rigid passenger cell that Mercedes-Benz perfected and patented as long ago as the 1950's.

On the estate, this cell is integrated with a crumple zone at the front which decelerates the force of a collision.

As the steering box is set well back from the front axle, forward impacts are progressively slowed before they reach the steering column which then collapses safely away from the driver.

Any features inside the car that might prove dangerous in the event of a collision are padded, rounded, recessed or deformable.

Active safety involves helping you,

the driver, become a better driver.

The estate has a diagonal swing axle, individual wheel suspension and a wide track to maximise its road holding.

Another important feature is the zero-offset steering, which stops unequal forces making the car difficult to handle under hard braking.

Just as much care has also been applied to the design of the load space.

With a length of 1.23 metres and a width of 1.48, the standard area in our estates is large enough for most transport problems.

One last point, while we are reviewing the load space of the estate. The rear door is very cleverly balanced to save your muscles when you open it and your ears when you close it.

The new Mercedes-Benz T series offers you a range of three engines, one diesel and two petrol.

The 2.4 litre four-cylinder diesel is a particularly robust and economical power unit.

The petrol engines are the 250T and the fastest in the series, the 280TE with fuel injection.



But you can then stretch this area to 1.78 metres by a simple adjustment of the rear seat.

When you take the seat out completely you have a huge 2.03 metres.

And the maximum weight you can carry is a generous 560 kg.

Any one of which is just the car you're looking for if you need an estate but prefer to drive a Mercedes-Benz.

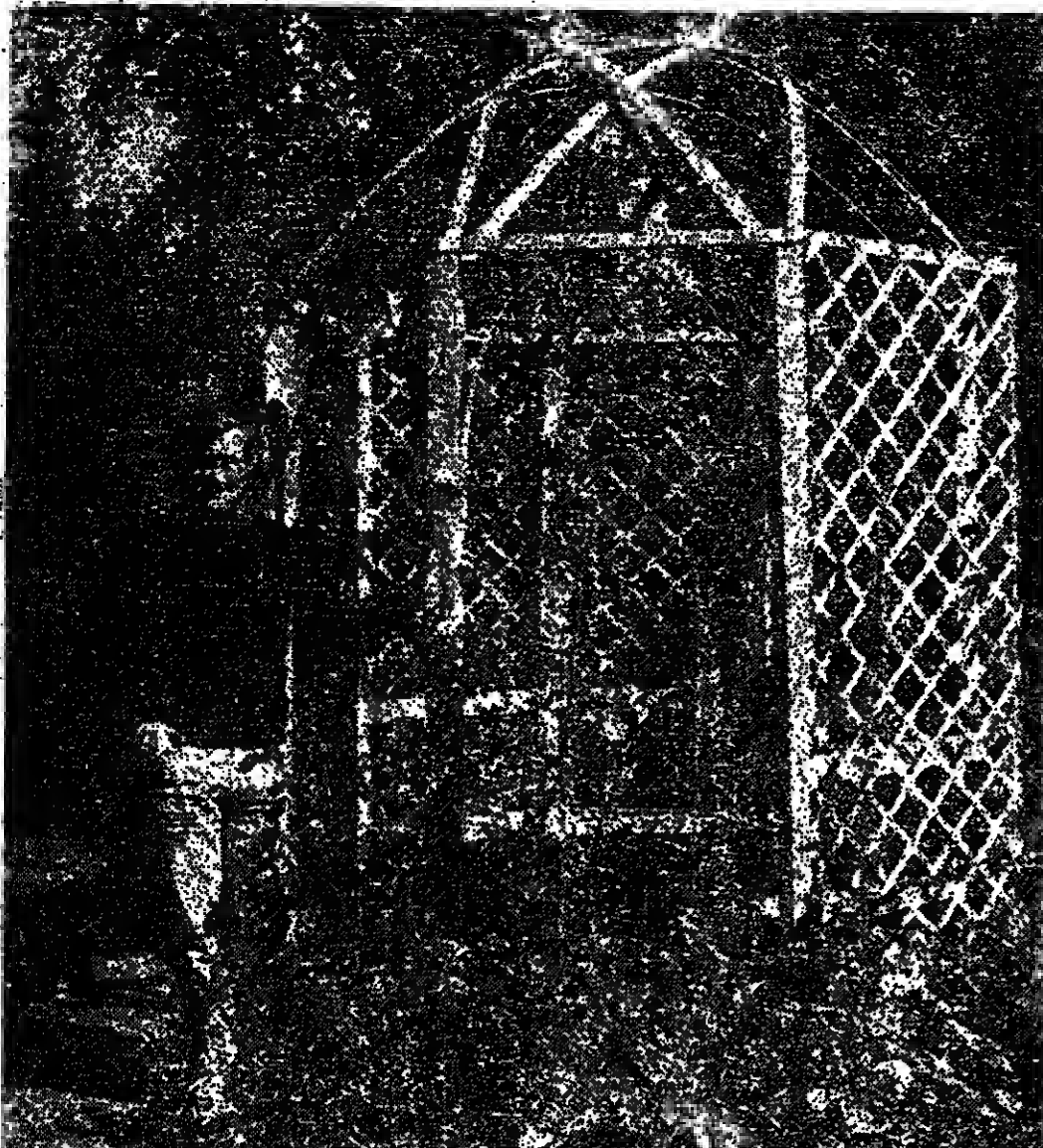


Mercedes-Benz

HOW TO SPEND IT

by Lucia van der Post

Come into the garden



Hugo Rousseau

NO MATTER how small or how large our garden, most of us feel it could be improved in some way. I certainly spend many hours planning just how it ought to look but never quite seem able to bridge the gap between the ideal and the actual.

Anybody wanting a small touch of magic in their garden might like to consider a gazebo. The gazebo or folly is a traditional part of the large British garden but John Benson, an architect who has only a relatively small garden in Hampstead, has designed a gazebo that lends a touch of enchantment to even very small gardens.

John Benson designed it originally just for himself because he found that he and his family never seemed to use the garden largely because they were too lazy to get out the deck-chairs. "Now, we use it all the time."

The gazebo that he designed is not only a visual delight, but it also incorporates seating for at least five people. You can think of it either as a foil for growing plants over, a focus of attention or as some exceedingly decorative garden furniture.

Because all his friends so admired the structure and kept asking if they couldn't have one too, John Benson decided to produce kits so that people could put them up themselves.

He used Siberian redwood which is treated with clear, water-repellent preservative (without treatment it has a natural lifespan of between 15

and 20 years, with treatment this should be much longer). The structure is supported on mild steel piles so that the timber itself is not below ground.

Anybody with a seven-foot square piece of level ground could find space for the octagon. With the kit comes a leaflet full of diagrams and instructions telling the buyer exactly how to put it up. There are pieces of wood to help you mark out a perfect octagon, the seats come ready-made and are just dropped into position and then nailed down. I haven't tried putting one up myself (the day I was due to, it rained so solidly that we couldn't get going) but John Benson and his Joiner put one up in 20 minutes—others less familiar with the structure should take two hours if two people are working together.

No difficult techniques are needed—the pieces are simply nailed together, no complicated screws. An octagon is a very strong shape and is supported by so many diagonals that the gazebo should withstand even the onslaught of the toughest of children.

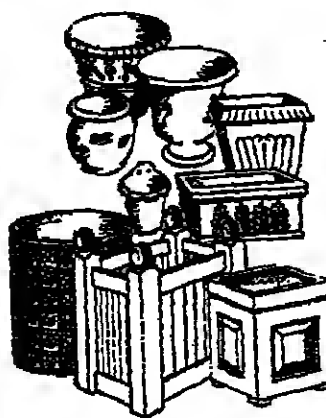
The whole kit can be bought for £300 (inclusive of VAT and

delivery within 25 miles of Hampstead) and anybody who thinks that that is expensive cannot have looked recently at the price of either those very boring wooden summer-houses (which seem to start at £800, exclusive of VAT or cost of putting them up) or of garden furniture—and this structure, remember, combines both.

John Benson can only guarantee the price of £300 for the first 100 orders—after that he will have to buy more wood which may put the price up.

Those with large gardens could possibly design a magical structure using two or three of the gazebos so that for something like £1,000 a much more delicate and decorative addition to the garden than those hard, rectangular wooden huts could be devised. Remember, though, that the gazebo is open to the weather.

If you'd like to know more about it the complete instruction leaflet can be sent in return for a nine-by-four stamped addressed envelope. Delivery outside the 25-mile limit can be arranged but will cost extra. For more details write to: John Benson, architect, 3 Parkhill Road, London, NW3.



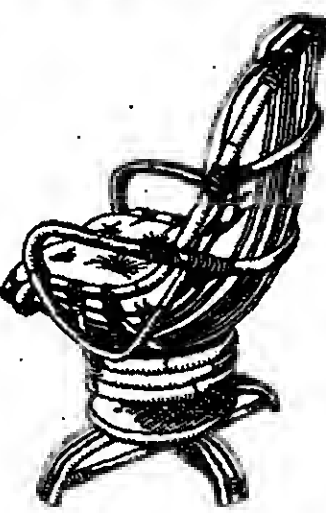
Room Outside may be familiar to many readers. Based at Goodwood Gardens, Waterbeach, Nr. Chichester, Sussex, it specialises in anything that might enhance or enliven the garden or outdoors. If you are looking for something specific or just wanting a few ideas you could do worse than take some time off and drive to the garden centre which is an old walled garden close to Goodwood House. Open from Tuesday to Sunday, the owners Jane and Michael Burton nonetheless are very used to people ringing them up and discussing their needs and are happy to make appointments to meet customers at other times if necessary.

Those who live too far for a visit can send a stamped addressed envelope for a copy of the leaflet which shows some of the things that Room Outside sells. Shown here is a collection of their garden pots of all sorts—the group at the back is in terracotta and prices range from £1.70 for a 9 in high small wall-hung pot to £24.84 for a lovely big urn-shaped model.

In front are some pine and teak plant tubs which are relatively expensive (£51.50 for a pot 21 in high by 14 in across). There are also glassware, pots and windowboxes for those who like to keep such things very light.

They also stock a big collection of garden furniture and particularly like this swivelling rocking chair in cane, below. It would be ideal in garden rooms or conservatories and costs £154.50. There is also a large selection of willow chairs and baskets.

But if you're looking for smaller garden delights, for things like mats to put beside the pool or flares to light up the path at night or Flowtron Bug killers or an unbreakable drinks bucket carry out of doors, then Room Outside can probably help you, too.



the photograph, are upholstered and the cushions cannot be left out in rain but when the sun does shine they should be much more comfortable than the average deckchair or hard wooden seat. The lightweight metal frames don't chip and are weather-resistant so if you don't want to bring the chairs inside each time you expect rain you can just remove the cushions and leave the frames outside. A pretty mini-gower print design in brown and white has been used to cover chair seats and backs and for the parasol. There are lots of other colourways to choose from, both florals or stripes. The set is made by A. Baveystock.

Prices seem exceedingly good at £24.95 for the high-backed chair, £19.95 for the formwood patio table (76 cm in diameter) and the matching parasol is £16.95. Also in the set is a relaxer chair at £29.95 and a sunbed at £33.95. There are Marley Homecare Stores up and down the country in places like Bromborough in Merseyside, Canterbury, Chester, Colchester, Croydon, Eastbourne, Exeter, High Wycombe, Maidstone, Norwich, Reading, Romford, Sutton, Walton, West Wickham, Worthing, Yeovil and Orpington.

The weather hasn't, of late, done a great deal to encourage us out into the garden but working on the premise that there is more of the summer to come it seems worth looking at some of the best value in garden furniture that I have come across. Exclusive to Marley Homecare is this collection of epoxy-coated, white-framed furniture. The chairs, as you can see from



Anne Morrow

If you are looking for some unusual or slightly different pottery, After Dark, normally better-known for its delicious collection of things for the bedroom, has gathered together a few items that really do seem unlike the general run of the mill products one sees everywhere.

Window-boxes are the outlet for frustrated city-gardeners and the After Dark collection of ceramic window-boxes is very attractive indeed. Sketched above right is a small box, only 9½ in wide and 4½ in deep, in lovely colours of blue, orange, yellow and white, all subtly intermingled, or else in plain white.

Costing from £7.60, it is sadly too heavy to post (unless readers are willing to take the risk in which case they can telephone After Dark on 01-730 9136 to discuss the matter). A larger size is available in terracotta only at £8.95 (measures 7½ in by 17½ in by 7½ in).

The jug on the left is in white with green spots and handle (or red or blue) and measures about 7 ins high. Part of a series of frog jugs, this particular one is £17.95—again it is difficult to post but readers who are interested should ring After Dark. The shop is to be found at 64 Pimlico Road, London SW1.

Browned off without sun

I once went on holiday with a ready-made tan. An editor of mine made every member of his department try out a different tanning method so there I was—golden brown from top to toe. It was a revelation. My holiday took on a totally different dimension. Instead of creeping out on that first day like a pale white slug and heading straight for the beach desperate to start toasting at the earliest possible moment, I bounded off for a swim and then felt liberated to do all manner of other things that had in the past been sacrificed for the ritual acquiescence of the tan. Of course the counsel of perfection is not to try to tan at all. Much better for the skin to stay as palely white as all the experts. But if you must, I heartily recommend doing it before you go. JOAN PRICE reports on the latest method

THE twentieth century could be called the age of the sun. A deep tan is not only attractive in itself, but it makes a person seem fitter, more relaxed, more fashionable and even sexually provocative.

If you look around you'll find that there are a lot more people with this desirable just-back-from-the-Babamas brownness: this could be due to a proliferation of sunbathing centres equipped with the new style UVA sunbeds that have opened up in the past 18 months in hairdressers, beauty salons and health spas all over the country.

How do these new UVA sun machines differ from the conventional sunlamps that have been around for many years?

Using a sunlamp to help you go brown used to be a rather unrewarding business. Great care had to be taken to limit exposure time—you started with about a minute and slowly worked up to 10 minutes, watching your skin carefully for any sign of a burn. And when you'd had a course of 10 or 12 treatments there was very little colour in your skin to show for all your trouble. True, once you were in the sun you did brown quickly and you did not burn, but the lack of instant colour was a let down.



Roger Taylor

Just the jewellery to set off a tan is this spectacularly eye-catching set made by a small company in Suffolk called Her Mine. All of it is resin gilded in 22 carat gold. Though large and bold the jewellery is exceedingly light to wear. The bangle, stunning earrings and necklace (which

besides the gilded resin shapes has green, or red or orange, beads interspersed between the shapes), can be bought for £23.30 the set. Separately the bangle is £8, the earrings £9, the necklace £18 (add 75p for postage and packing regardless of the size of the order). Buy it direct from Her Mine, Clint Farm, Eye, Suffolk.

The difference with today's sunlamps is in the type of burners. Old style sunlamps had quartz or mercury vapour lamps that emitted almost the entire range of the ultra-violet spectrum: this included the short wave, burning UVB and UVC rays as well as the long wave, non-burning UVA rays.

The new style machines (usually built as sunbeds which you lie on) are fitted with special intensive radiation tubes that produce only the long wave non-burning rays. The benefits are twofold. First because the short UVB and UVC rays which cause the burning and skin damage have been screened out, you can have much longer exposure on the new beds—30 minutes or longer is recommended. Secondly, the new machines do give colour to the skin and you can go brown without going red in the process.

How do the colour develop? Tanning results from a process inside the skin brought about by the action of the ultra violet rays. The theory on which the new sunbeds work is that if large enough outputs of UVA rays are used on the skin, the

burning UVB rays become unnecessary for triggering off melanin or tanning cell production.

It is important to remember that the skin's melanin content varies from one person to another and that it takes much longer for a fair skin to get a tan than it does for the darker skinned person. These new machines are not only a boon for people with fair sensitive skins but also useful for those with darker skin for preparing the skin for the holidays and for helping to preserve your tan once you are back home.

How much will UVA sunbed treatments cost? Because the new equipment is still costly for the sun centre—most of the UVA machines are German and can cost over £3,000 to buy—the treatments are not cheap. For people living in London there are two newly opened centres devoted exclusively to UVA tanning. The Uvasun salon in Albemarle Street is luxuriously decorated and staffed with bronzed, track-suited attendants and they charge £28.75 for an all-over tanning session. They recommend five one-hour treatments for a deep tan which would cost £143.75.

The other centre is called Browloes in Foubert's Place near Oxford Street. There, a 45-minute session costs £6 and 10 treatments about £50. Generally prices at most UVA sunbed centres seem to vary from about £6 an hour to £25 an hour but a lot depends on the area, and facilities offered such as showers, changing rooms and so on. Keep an eye on your local newspaper and Yellow Pages for details of the centre nearest you.

Are there any disadvantages to UVA sun treatments? Even though the intensive radiation principle was developed by German skin specialists for treating certain skin problems such as acne and some types of eczema, most dermatologists acknowledge that any form of machine sun tanning, like natural sunlight, is drying to the skin and is likely to have long term skin ageing effects. However, if you believe that it is impossible to avoid the sun altogether and that you can make the most of its advantages by taking sensible care, a sunbed can be an ally.

A FINANCIAL TIMES SURVEY

GOLF

JULY 19 1980

The Financial Times proposes to publish a Survey on Golf in its edition of July 19. Editorial coverage will include:

INTRODUCTION Golf is the biggest, most stable and mature of the sponsored sports. A review of its development over the past 20 years, both at the club level, in the U.K. and abroad, and in the higher reaches of the professional game.

GOLF COURSE DEVELOPMENT The growth of the game is inextricably linked with the boom in international tourism. A review of the great courses of the world, both in the tourist locations and those closest to the main business centres.

SPONSORSHIP A discussion of the marketing imperatives that have attracted to the game some of the biggest names in world business.

FUTURE TRENDS The victory of Severiano Ballesteros in the U.S. Masters in April provided a jolt to the Americans, who were obliged to acknowledge that the modern wave of young professionals contains numerous non-American stars. A guide to the top playing talent now emerging, and a discussion of future international trends in the sport.

Copy date is July 10, 1980.

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Le Feu de Bois

Saturday June 28 1980

The danger of stagflation

THE BEST that can be said about the present parlous state of the international economy is that at least it shows that the world's leaders are capable of learning from their mistakes. After the chastening they have suffered over the past five years as a result of heading the inflationary siren calls which followed the 1973 oil crisis, politicians in all the main industrial countries are now hatching and preparing to sail straight into recession with a grim determination that would have been almost unimaginable 10 years ago.

The trouble with learning from mistakes is that the number and variety of mistakes that can be made is usually inexhaustible. The leaders at the Venice Summit last weekend were unanimous in their determination to put the fight against inflation ahead of all other economic objectives. This was convenient from a political standpoint, because it looks as if inflation is now peaking in every industrialised country. But they carefully averted their attention from the equally clear indications that one country after another is moving into recession, in a synchronised downturn which could make each economy's slump unnecessarily painful, and wasteful of productive resources.

Downturn

The IMF world economic outlook published this week underlined the way that growth prospects have suddenly begun to deteriorate this year, not just in the U.S. but also in Germany, France, Italy and, needless to say, Britain. These worsening prospects are, according to the IMF, "attributable primarily to the policy reactions to mounting inflation." The trouble is that restrictive policies against inflation which are domestically desirable and often ultimately unavoidable, have a threatening international dimension. It is a pity that the Venice Summit did not discuss this in greater detail.

One of the main reasons for hoping that the downturn now looming would be a good deal less severe than the 1974-75 recession was the prospect that the U.S. would move into recession much earlier than the European economies and Japan, which would provide opportunities for world trade growth, and reasonable buoyant markets for the less developed countries until the American economy, in its turn, began to recover.

Unfortunately, the delay in the American recession, which was widely expected to begin last year, coupled with the restrictive policies in much of Europe, which were imple-

mented partly to defend the European currencies against a strengthening dollar, seem to have put paid to this prospect. It now looks as if the painful synchronisation of the world trade cycle that began in the early 1970s is likely to continue.

This prospect is disturbing not only because it means that the recession will be deeper and longer than necessary, but also because it suggests that the pressures on governments to reflate artificially will be that much greater. With the underlying rate of inflation in the OECD countries now at 15 per cent, that powerful force demanding fiscal and monetary relaxation will emerge in many countries, while world inflation is still only just in single figures. And usually the countries which reflate excessively are the ones which can least afford to do so because they have the most deeply entrenched inflationary pressures.

Necessity

The fact that the U.S. is beginning to appear to its own businessmen as one of these inflation-addicted countries, makes international economic cooperation all the more desirable over the coming year or so. For the U.S. economy needs to pull out of recession by raising investment and exports, rather than consumption and government spending. More than any other country, the U.S. needs to embark on a massive industrial transformation to adapt its economy to high energy prices.

But, for many of the industries which have been most affected by energy costs, this transformation will be especially difficult in a world economic slump.

In Britain's many uncompetitive industries, the same necessity for structural transformation in the midst of a recession looms even larger. While Britain's steel and car industries have not been adapted to a cheap-energy economy in the same way as America's their dependence on relatively cheap, and highly unproductive labour is an even greater affliction at a time when North Sea oil and the soaring exchange rate are making British labour rapidly more expensive.

Whether it is politically possible to carry through the sort of productivity improvements that British industry requires at a time when demand both at home and abroad is weakening and there is little scope for increasing production is the great question facing the Thatcher Government. British Steel may be only the first indications of how difficult a task the Government has set itself.

THE FISHER REPORT INTO LLOYD'S

It's not all A1 at the £100,000 club

BY JOHN MOORE

AFTER disposing of the main business for a week, Mr. Peter Green, 55-year-old chairman of the City of London's most famous commercial club, Lloyd's, the insurance market, packed his traps and set off for a fishing holiday "somewhere in Scotland."

Mr. Green lists "working" as one of his other recreations so no doubt he will be reflecting while he casts a line, on the radical changes recommended for the 300-year-old insurance market by Sir Henry Fisher, whose report was published on Thursday.

Sir Henry and a working party, established by Lloyd's, have been studying the way the market conducts its affairs and regulates its members. For an internal report it is frank, something which surprised many members of the market. The constitution of Lloyd's "is no longer appropriate" and the powers of the 16-strong ruling committee of Lloyd's "are inadequate for self-regulation in modern conditions," it concludes.

Although Sir Henry is a former High Court judge, the language used in his study is mercifully free of legal circumlocution and spells out a simple message over and over again: all is far from A1 at Lloyd's. Why have this report and the recommendations for sweeping changes at Lloyd's been necessary?

Lloyd's started life in a coffee house in the 17th century when there were no insurance companies as we now know them. It originally specialised in underwriting marine risks for shipowners. Some of the origins of the market are still reflected in present custom. Commissioners are called "waiters," and wear red robes and silk hats recalling the costumes of Lloyd's early days. The underwriters sit at "boxes" similar to the benches where their counterparts would have sat writing the business in the coffee house.

Since the 17th-century, in an eventful history, Lloyd's has become one of the most important insurance organisations in the world with an annual premium income of nearly £2bn. Although the market started out insuring ships and cargoes, it now has the reputation of being a market in which any risk can be covered from a space satellite to a family car.

These developments have been fostered in an environment which has given much encouragement to the entrepreneur and private enterprise. The individual freedom of the working members of the community, over 3,000 in all, has been respected by the ruling bodies. This means that codified

rules backed by law barely exist.

The 16-strong ruling committee of Lloyd's has relied on assent and agreement of its members who, it would like to think, will always act in the best interest of the market as a whole. Last November, Mr. Ian Findlay, then Lloyd's chairman, said: "I cannot really believe that Lloyd's as a society of underwriters and as an insurance market needs a governing body equipped with and ready to use more draconian powers in the maintenance of law and order."

Lloyd's, of course, is not a company but a market place summed up in the phrase used by one member in the 19th century: "Individually we are underwriters, collectively we are Lloyd's." Lloyd's has no shareholders and the role of the Committee and Corporation of Lloyd's (the latter organises the market) is largely administrative, taking no share of the profits.

It is the 15,532 underwriting members of Lloyd's who back the risks, receive the profits

test—usually individual wealth of £100,000 must be shown—the membership is drawn from people of financial substance. Landed gentry, successful businessmen, the odd pop group, journalist, sportsmen, television personalities and others representing most aspects of successful and wealthy sectors of society all participate in Lloyd's prosperity.

Lloyd's reputation as an insurance institution which offers first-class security to insurance policyholders and financial probity remains supreme in the insurance world.

But in the last 24 years Lloyd's has been rocked by a series of messy scandals which have challenged the way it operates. At least 10 of its underwriting syndicates have required special internal investigations, some of which have led to City of London fraud squad inquiries. The result of one police investigation into the affairs of a Lloyd's insurance broker are with the Director of Public Prosecutions. Members of the Sasse syndicate, which

a reflection of the highly competitive conditions in which the market is operating. In order to secure business both brokers and underwriters are sometimes neglecting traditional commercial prudence and were circumventing accepted market procedures.

"It was the consciousness of the lack of powers to deal adequately with abuses and difficulties which led to the setting up of this working party (into self-regulation)," the Fisher report says simply.

Two main themes dominate the Fisher report: the question of Lloyd's governance and its discipline. In what is itself the most revealing modern social history of Lloyd's, the report points out that there were only 675 underwriting members of Lloyd's, all resident in the UK and most of them carrying on business in the City of London in 1871.

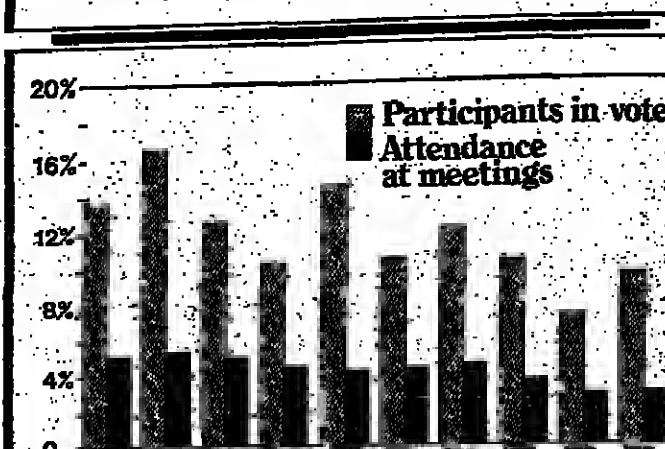
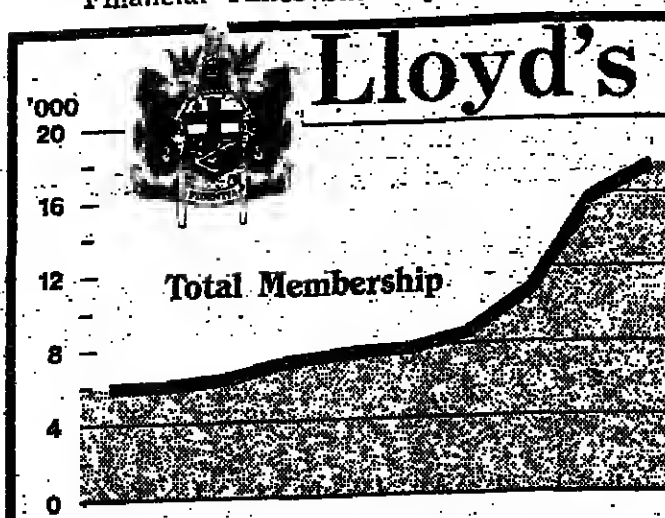
Lloyd's principal Act of Parliament was established in that year and it is that Act which is still referred to when troubles break out in a much changed market.

In Lloyd's it is referred to as "the chop" act because if it is invoked for disciplinary matters, the procedures used lead only to expulsion from the market. There are no penalties. "It is the nuclear bomb or nothing," said one member of the market.

Moreover, the rule-making power is entrusted to the whole membership of Lloyd's—including the pop stars, businessmen and landed gentry—and not the committee of Lloyd's which works in the market. If the rules had to be changed, a general meeting of members would have to be called. With over 18,000 members this year Lloyd's would be somewhat worried if all the members did turn up in Lime Street to take a part in Lloyd's affairs. It would also pose an accommodation problem.

Sir Henry has concluded that not a small minority of members attending general meetings—the percentage has not exceeded 5.3 per cent in recent years. With the great increase in membership between 1977 and 1979, when membership climbed from just under 11,000 to over 17,000, the percentage has declined still further. Thus though the Lloyd's Act of 1871 may seem to place the rule-making power where it should belong, in the whole membership, "this is a fiction. General meetings are not truly representative of the whole body of members," says the report.

With this in mind the Fisher team has set about designing a new Lloyd's council which would take over the rule-making powers of the membership. This new council would consist of 16 working members



selected by the working members. The Fisher report points to the voting trends of the last 10 years in support of this argument. Under the present system the committee is elected by the entire membership but, because votes can only be cast in person, those that cannot make the journey to Lloyd's Lime Street offices are effectively disfranchised.

The Fisher team has dealt with the new problem of depriving the outside members from voting in the council election by allowing them six of their own representatives

pressure on all insurers and brokers. Large insurance brokers at Lloyd's, which are quoted on the Stock Exchange, have shareholders to answer to and earnings per share figures to improve. They may not take much notice of a private reprimand by one of the Lloyd's chairmen if it could mean the loss of a big line of business.

If disciplinary action has to be taken against some of the more powerful elements of the market, almost inevitably the alleged wrong-doer contacts his lawyer and challenges the word of the Lloyd's fathers in the courts. One chief executive of an insurance broker is challenging Lloyd's disciplinary proceedings in this way.

So, rules, properly codified, are necessary. Lloyd's will have to seek a new Act of Parliament to bring these changes into effect.

One aspect of the Fisher report which is causing controversy in the market is that it seems slanted towards the underwriters, the traditional hub of the market.

The big brokers, it has been recommended, should divest themselves of their shareholding interests in managing agencies, the groups which manage the affairs of syndicates, because of the potential abuse of the conflicts of interest. "No proposal short of complete divorce is sufficiently watertight to reassure the public," and the members, "and give underwriters the greater independence and standing which the health of the market requires," says the report.

Strong words. And Lloyd's will need considerable courage to act on many of the recommendations of the Fisher report, which has been accepted in principle by the Committee. If all the proposals are implemented the committed capital of the 15,532 members can be safely protected from abuses within the market. Until the new Act of Parliament is brought into being, which could be sometime next year, the market will have to muddle along with its existing limited rules which Mr. Green described this week as "archaic and obsolete."

A GLOSSARY

NAME: Shorthand expression for an underwriting member of Lloyd's. His name appears on the list of participants of syndicates at Lloyd's.

SYNDICATE: Group of underwriting members. To allow a certain volume of insurance business to be accepted speedily and efficiently members of Lloyd's group themselves into syndicates. Some have hundreds of members, some a handful. There are over 400 syndicates looking after the affairs of 15,532 members.

ACTIVE UNDERWRITER: Person (usually, but not necessarily, an underwriting member) who conducts underwriting on behalf of a syndicate of underwriting members. Most members do not work at Lloyd's but "invest" in the market by committing their private wealth to allow the market to function. Usually means of £100,000 must be shown.

UNDERWRITING AGENTS: Groups which manage the affairs of the members of Lloyd's. A managing agent manages a syndicate or a number of syndicates. A members agent deals with the applications for membership, and introduces members to syndicates.

BROKERS: An insurance broker buys insurance on behalf of a client. Brokers who use Lloyd's need special approval by Lloyd's before doing business there. Lloyd's has no direct dealings with the public. Business must be channelled to underwriters through the brokers. Large Lloyd's brokers often have shareholding links and control of managing agents.

and bear the losses.

The members of Lloyd's are grouped into syndicates, which are not partnerships. A member of Lloyd's is not liable for what is done in the name of any person. But each member of Lloyd's is individually liable for the share of the risks in which he has participated through his syndicate to the full extent of his wealth.

Over 15,000 of the membership do not work in Lloyd's. Like shareholders in public companies, they provide capital for the market to function. Because each member of Lloyd's has to pass a means

is facing £20m of losses, are suing Lloyd's for alleged broken rules and breach of duties.

A Parliamentary question was raised two years ago into the way a possibly fraudulent claim was settled by the market. On top of this Lloyd's is facing its largest-ever losses on computer leasing, insurances, and has attracted criticism for carrying out inadequate checks on this new close of business.

It had become apparent by 1978 that the freedoms of Lloyd's could be abused, a feeling which became confirmed as the troubles continued to mount. Many of the controversies were

Letters to the Editor

Mortgages

From Mr. W. Shepherd

Sir—I note from his report of June 11, that Michael Cassell, attended the building societies conference. Frankly, I did not feel I had a proper answer to my enquiry as to whether tenants exercising their rights to purchase would inhibit builders from providing new low price housing. They certainly will not be able to build houses at a price competitive with the "discount" price of council dwellings. It would appear therefore that the provisions in the Housing Bill may prove counterproductive.

Mr. John Stanley, the Housing Minister, did indeed plead with building societies to lend more on "rundown properties in inner cities." But why should the societies do so when they haven't enough to invest even in better securities. The Minister's hope that societies would maintain the £400m a year local authorities support scheme was not welcomed by Mr. Ralph Stow owing to accusations of "queue jumping." Mr. L. Williams however, divined a "spin-off" benefit from the liaison that the scheme required councils to undertake with local building societies. Unfortunately in the second year's operation of the scheme when I was a council valuer, the Department of Environment allocated different building societies to those councils had been dealing with the year before. Thus valuable contact and liaison built up over the year were lost.

The Government would be far better to entrust mortgage advances to local authorities even at the risk of affecting its current fixation with reducing the public sector borrowing requirement. And that would mean free to concentrate upon the more attractive investments for their funds.

W. J. H. Shepherd.
2 The Albany,
Woodford Green, Essex.

Insurance

From Mr. A. Barnes

Sir—I read with interest the article (June 14) on motor cycle insurance and while it throws considerable light on the subject, it fails to answer my question as to why the renewal note for my policy due on August 1 quotes a premium more than 68 per cent higher than on the same date last year.

I am 31 years of age—one year more mature and 12,000 miles more experienced than last year—and have made no claims on the policy during the period so the insurer's risk, I would have thought, is somewhat less. I have been with the insurance company since I returned to motor-cycling three years ago and despite an accident and claim-free record have not been offered any no-claims discount, a situation neither I nor any other driver would tolerate if insuring his car.

A possible explanation can be found if one considers the commercial environment suggested in the article in which just a few insurance companies are quite willing to transact business from a legally obligated clientele who have very little choice—and absolutely no voice—in the matter. There is only one company which offers the cover that I require. It is simply its monopolistic situation which enables it to increase my premium from £104 to £175 at a stroke. Motor cycle insurers rely on the fact that the bulk of their customers are young and while not uncomplaining, have no effective medium to proclaim their exploitation. While such rich pickings exist, the insurers can forget their ethics, confident that their lapse will not be exposed.

And here I am dismissed as a Left-wing radical for holding these views. Let me add that I am a qualified accountant working to uphold the profit motive in a large organisation. My general outlook is conservative, my only "deviance" being a preference for two rather than four-wheeled motorised trans-

port. I resent the fact that insurance companies consider my disposition in this matter to qualify me for an annual "tip off." If there exists a more viable explanation I would be pleased to hear it.

A. Barnes,
70, Beech Gardens,
Rainford,
St. Helen's, Merseyside.

Transport

From Mr. F. Gilman

Sir—Yoters north of Watford are entitled to question the wisdom of spending large sums of their taxes on subsidies to encourage the continuance of commuting, which is a prime cause of the urban blight at which yet more taxpayers' cash then has to be thrown.

London commuters have over the years grown accustomed to living many miles from their place of work; they should now be prepared to pay the full economic cost of so doing, or alternatively they should return to the city to live "over the shop."

F. E. Gilman,
Coppice Farm House,
Church Lane, Glaston,
Uppingham, Rutland.

Tickets

From Mr. D. Pontin

Sir—Your excellent article on the London Underground (June 23) makes no mention of one simple improvement which could be introduced rapidly at little cost: I refer to the need to control excess fare payments. This could be done by issuing staff with the same sort of ticket machines which are used by bus conductors, to enable them to issue a receipt for money collected.

Surely many passengers will share my belief that it is morally wrong for an employer to put staff in a position of temptation when they handle fairly large sums of money. Most of the staff are surely honest people but human nature

being what it is, there must be a loss of income because of this elementary precaution.

Many businessmen who arrive at Heathrow early in the morning from abroad find it necessary to purchase a low denomination ticket in the machines because of enormous queues at the booking counters. They are then upset to pay the substantial excess fare on arrival in the City without being issued with a receipt.

The same problem arises when returning abroad by taking the Underground in the City during the evening rush hour. Maybe one day the Underground will require a subsidy but surely it should start by putting such simple improvements into operation, by dealing with overmanning, and by using modern electronic ticket-issuing machines, capable of taking notes and giving change.

Dick Pantlin,
11 Avenue de Merville,
1180 Brussels, Belgium.

Orchestras

From Mr. F. Pirouet

Sir—Mr. Robert Ponsonby has challenged (June 21) my assertion that ticket prices have risen faster than inflation.

In 1959, the year before Sir William Glock became responsible for the Henry Wood Promenade Concerts, a mid-price loggia seat cost six and sixpence. This year the same seat will cost £5.50. Extract the VAT element of the price and it has increased nearly fifteen times since 1959 against a retail price index increase of about five. Similarly a season ticket cost £3.00 in 1959 and is now £30.00; deduct the VAT and the price has increased nine times.

So far as the prospectus is concerned he and I have different views of what amounts to extravagance. I find, however, I have under-estimated the rate of increase in its price. It cost six pre-inflationary pennies in 1960 and has therefore gone up thirty times in price in twenty years.

I don't know what is meant by a "courageous programme building" which to me smacks of jargon, but I can suggest a number of luxuries which ought to have been axed by the music department before it sacked 150 of its musicians. The appointment of foreign conductors to four posts; expensive foreign tours by the Symphony Orchestra with minimal broadcasting; one-third of the Promenade Concerts to be conducted by foreign orchestras; under-utilisation of the house orchestras and abandonment of "repeats." With the amount of broadcasting time available for music so much greater than in the fifties the answer that the latter is "something" in our present editorial policy does not allow is unconvinced.

F. E. G. Pirouet,
185 Barnett Wood Lane,
Ashted, Surrey.

Pounds

From Mr. J. Hobbs

Sir—There seems to be a tendency for people to be informed that Euro-currencies are different from their local ones. In a time of free exchange I cannot make any difference whether a pound is owned in Hakney or in Timbuctoo. The ownership of a pound may change dozens of times all round the world, but sooner or later it comes home to roost and has to be redeemed in England. It follows therefore that all pounds "manufactured" by the Government have to be taken into account in assessing the inflationary effect of the proceeding.

John K. Hobbs,
26 Bonclerc des Moutins,
MC Monte-Carlo.

Accounting

From Mr. H. Norris

Sir—While agreeing with Mr. Greener (June 24) that it is

a pity that it has taken so long to make progress with price-change adjusted accounts—ignoring his simplistic view of who is to blame—I must dissent from his strictures on accountants' responsibility for taxing capital. He has forgotten the inland Revenue's substantial, though rough and ready, allowances in lieu.

Furthermore, one of his examples ("Curious examination" "taxable profits less than taxation levied") happens to produce current-loss-accounting figures on which tax is still less than a third of reduced adjusted profits.

H. Norris,
Deben Haugh, Ipswich Road,
Woodbridge, Suffolk.

Engineers

From the Executive Secretary
Council of Engineering
Institutions

Sir—In "Men and Matters" (June 23) you paid a tribute to the confidence of the Council of Engineering Institutions in publishing its first diary at a time when the engineering profession awaits government decisions upon the Finniston report. That orders for the diary are already being received in encouraging volume from individual engineers is surely an indication of the strength of feeling upon which our confidence is based. Professional engineers are determined that their right to govern the affairs of their own profession shall not be taken away from them. This right is a primary characteristic of every profession in this country and throughout the free world. Ordering a diary for 1981 is a modest demonstration of their confidence that the Government will not adopt this particular recommendation of the Finniston report.

Denys Wood,
Council of Engineering
Institutions,
2 Little Smith Street,
Westminster, SW1.

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Grand Prix takes a dicey corner

BY JOHN GRIFFITHS

THE BIGGEST crash in the history of grand prix motor racing appears to have been averted in a hotel room near London's Heathrow Airport.

No lives were in peril, but at stake was the survival of the sport itself.

The result of a stormy, 14-hour meeting at the hotel was that the French Grand Prix will take place tomorrow at the Circuit Paul Ricard.

A few days before the meeting, it had appeared that the French event would either be cancelled, or that it would be a farce, with only seven or eight grand prix Formula One cars appearing and the starting grid topped up by slower Formula Two cars in the hands of junior drivers.

But it was not just the one event that was threatened. The small, specialist constructors who run the majority of grand prix teams stood ready to break away from the official governing body of motor sport and run a rival "pirate" world championship of their own.

The result almost certainly would have been a disaster: for the specialist teams, for the major motor manufacturers increasingly being drawn into the grand prix, for sponsors with some £40m a year on the line—and for the sport itself.

Even now, all the parties are not entirely sure whether grand prix's future has been firmly secured. There is a chance, probably slight, that it has just rounded one dangerous corner with another to come.

That should become clear the day after the French GP, when all the racing teams, including those of the large manufacturers, present their counter-proposals to major regulation changes which the Federation

Internationale Sport Automobile (FISA) has sought to impose on them.

But M. Jean-Marie Balestre, the mercurial president of FISA, will almost certainly consider the teams' proposals to be an offer he cannot refuse. He lost his trump card at that airport meeting, when Renault, Ferrari and Alfa Romeo—the three manufacturers currently in grand prix—were finally persuaded to close ranks with

Hard-nosed negotiators have won better deals for the small teams

the small teams and present what the manufacturers hope is a peace formula.

They have been in a cruel dilemma. If they supported the smaller constructors and joined a championship outside the aegis of FISA, they risked being excluded from all other major forms of motor sport which FISA also controls, in which they have also invested heavily: if they stayed with FISA while the other teams ran elsewhere, they would have had no-one to race against except themselves. Should the FISA reject the proposals the dilemma will return.

The immediate issue that brought the Formula One Constructors' Association (FOCA), representing the majority of teams, to the brink of boycotting the French GP was the changes that FISA ordered to the cars, and the manner in which it ordered them.

From next year, it declared, the minimum weight of the cars would be raised. "Skirts," an integral part of "ground effect," the vacuum-like car

aerodynamics which have sent cornering speeds soaring enormously since Lotus discovered the principle in 1978, would be banned.

The reaction of the specialist teams was unprintable.

Lest that sound like a storm in a tea-cup, the skirts ban was regarded by Lotus, Tyrrell, Williams and the other "traditional" grand prix teams as effectively writing them out of contention next year.

The field would have been left to the major manufacturers, because only these have had the resources to develop turbo-charged engines. The others—with the exception of Brabham, the vehicle in which BMW will launch its own turbo next year—must rely on the legendary Cosworth V8 engine, now 12 years old, which cannot match the power of the turbos.

Without ground effect, which to a large extent neutralises the turbos' extra power, "we might as well all pack up and go home," according to Mr. Frank Williams, whose team is backed by over £2m of Saudi and Leyland Vehicles money.

The teams' principal proposals for "safer, more exciting and competitive" racing next year is the replacement of "slicks," special treadless tyres, by more conventional treaded tyres. That should placate M. Balestre, since they offer about one-third less grip, and thus make for the safer cornering speeds which FISA was seeking with its own rule changes.

With the lower speeds, the teams say, skirts can be retained, thus avoiding a situation in which their power alone would see the turbo cars leaving the rest of the field standing next year.

But it was the way in which FISA ordered the rule changes,



Will Monday's meeting resolve the conflict between FISA's Jean-Marie Balestre (left) and FOCA's Bernie Ecclestone (right)? One issue at stake is the "skirt" on grand prix cars, such as the Ligier (centre) in which France's Didier Peroni won this year's Belgian Grand Prix

almost as much as the changes themselves, which infuriated the FOCA teams. When Mr. Balestre, FOCA's chief executive, meets M. Balestre on Monday, there will remain to be thrashed out issues such as how FOCA can obtain a stronger voice within FISA itself and what degree of financial control FOCA should be allowed to exercise in the running of grand prix.

Underlying these two issues is a difference of style as much as substance between the two organisations. FISA was set up two years ago as an arm of the Fédération Internationale de l'Automobile, the 60-year-old overall governing body of motor sport, specifically to cope with its increasingly complex administration. But FISA, has its roots in the gentlemanly era of motor sport when much of it lay in the province of the wealthy semi-amateur.

FOCA, by contrast, is a hard-nosed organisation born out of a world of sharply rising costs, high technology and the placing of grand prix into the hands of

equally hard-nosed sponsoring commercial for its survival.

It is FOCA which is responsible for a dramatic increase in the financial status of its small member teams. Ten years ago, circuit organisers used to negotiate with teams individually. The weakest teams got the poorest deals.

FOCA changed all that: it has forced through package deals with organising circuits so that all teams get substantial appearance money and their travel bills of many thousands pounds a grand prix are paid.

It has played a big role in obtaining improved circuit safety and generally leant on organisers to produce a better event. Not least, grand prix races now start on time to mesh with the 160 or so live TV broadcasts across nearly 40 countries which are such a major magnet to multinational sponsors ready to spend millions to get their messages across world wide (that takes no account of recorded broadcasts, of which there are, in a typical year, about 600).

It is perhaps not surprising that the official governing body sees this thrusting group, some 50 years younger than its own organisation, as something of an upstart.

Yet it would be unfair to say that FOCA is seeking to usurp overall control from FISA. It recognises the need for a benevolent dictatorship, distanced from the teams themselves and their inevitably conflicting interests born out of rivalry.

The teams' present assessment, however, is that FISA is too distant and lacks benevolence.

FOCA was angered that there was no consultation with it before FISA announced its skirts ban, effective from January 1, 1981. FISA said it was for safety reasons—under which it can order a change within a week—a reason the teams felt was misjudged.

Even the skirts ban might have been acceptable had it been imposed under the official two-year minimum period designed to allow adequate time for all the cars to be changed.

In any case, changes of profound significance for the

future of grand prix have already been agreed. As from 1983, a new engine formula is to be introduced, governed not by size, but by the rate fuel is consumed—the cherished "fuel flow" formula of Cosworth engine designer Keith Duckworth, who has long argued that grand prix, in an energy-conscious age, should go back to making a contribution to the technology of roadgoing vehicles.

Grand prix, the current row apart, is enjoying its most successful period for many years. It attracts huge crowds and an enormous amount of media coverage. The racing is competitive. The appearance in it of the major manufacturers has given it a major extra fillip: Apart from BMW with its turbo engine, Talbot has just bought a large stake in the Ligier team, whose cars next year will run as Talbot Ligiers, and Honda and Toyota are said to be interested.

Yet all this has been put at risk by the FISA-FOCA dispute. It has already been more than behind the scenes wrangles: the Spanish grand prix last

month was declared illegal by FISA because some drivers did not pay fines for not attending pre-race briefings, another rule introduced by FISA at short notice.

By comparison with the skirts dispute that was a storm in a tea-cup, but it does mean that the championship is currently headed by Brabham's Nelson Piquet, not Williams' Alan Jones who won in Spain, and was an indication of the disintegration that could so easily follow.

Certainly, it worried sponsors enough to issue not-so-veiled threats that they might consider withdrawing from grand prix. Even Mr. Hector Munro, Britain's Minister for Sport, sent a telegram to Prince Fierstein, head of the FIA, appealing for his personal intervention.

For this weekend at least, it appears that all can breathe more easily. But Monday's meeting between M. Balestre and FOCA now appears crucial. If the contest continues, it will be one in which there can be no winners.

Weekend Brief

The City's Derby dog

The City's money brokers must take some risks as they daily job fortunes in currency around the world but for Peter Clayton, the chairman, and Brian Deebie, the managing director, of Butler Money Brokers, a subsidiary of Sime Darby, a much greater outside chance stands to make them a fortune at the White City tonight.

A modest investment of £900 each last November, plus £25 a month each in running expenses, bought them Corduroy, a greyhound which has surprised the pundits in reaching the final of the Spiller's Greyhound Derby. This week there were fanatics in the sport prepared to pay over £40,000 just to have a dog in the final, which is by far the most important and remunerative greyhound race in the world, with prize money this year at a record £50,000, which £35,000 goes to the winning owner.

But the rewards do not stop there. A Derby winner can command a sizeable stud fee, £200 a time and a healthy young greyhound should be able to earn £500 a week. Unfortunately Corduroy, approaching three, is on the old side but in his favour is his father, Isaac Champion, also a star in his day. Corduroy has already won enough races to prove a very good investment and with the £200-1 bet they stake with a Liverpool bookmaker coming up with a win, victory could bring Clayton and Deebie some currency problems of their own.

Whatever happens the White City tonight should be a silver as well as a gold day. Well, it is £20,000 fanatics will be betting around £500,000 in the stadium on the final alone. It has been sponsored by Spillers for the last eight years and as despite the £50,000 cost is regarded as a worthwhile investment. As chairman, Geoffrey John says: "During the beats for the Derby we have been able to entertain 96 of our biggest customers who account for over 70 per cent of our sales. There is a natural tie up between our pet food products and greyhound racing. Indeed when it was introduced in 1928 it was designed, specifically, for greyhounds and John's auntie can prove it's worth the owned and treasured the 1930s winner.

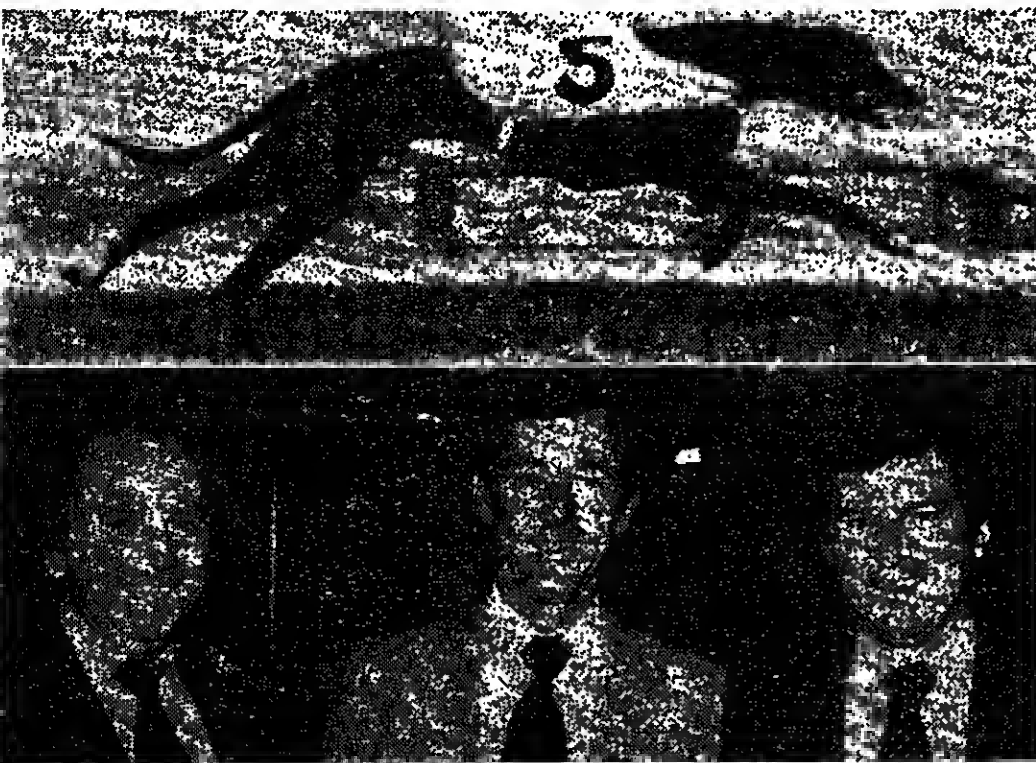
£150 money might be going on. Corduroy, but form points to the Irish-owned dogs (all six finalists were actually bred in Irish). Eddie Costello's Burry on Brax is the favourite from Tipperary, but the large Irish contingent coming over will hedge its bet with Alfie McLean's Indian Joe from Limerick. But with favourites dropping out like skittles in the semi-finals it could be Corduroy after all.

Getting into

the picture

Suggestions for reviving British film-making are almost as

The City dog that starts as an outsider . . . the film-makers who plan a co-operative . . . Portugal's television addicts . . . and a new US invasion



Corduroy and supporting team: Peter Clayton, John Honeysett (trainer) and Brian Deebie

abundant as reports of its demise these days but this week the wheels were set in motion for something which at least has the smell of possibility about it. That persistent promoter of the theory that small can be beautiful, film producer Ismail Merchant, is eagerly trying to set up a co-operative of like-minded colleagues who might then be able to convince the City that British films can be both inexpensive (relatively) and profitable.

Merchant's credentials are pretty good. His last film, *The Europeans*, has played to full houses internationally and made a handsome return on its mini-budget. His latest effort, *Jane Austen in Manhattan*, cost less than £200,000 to make and looks like setting off on the same course even if its first abiding in the UK will be on late evening television (July 6) thanks to London Weekend having put up much of the cash.

At the moment the main British film companies are simply not interested in this type of work. The Lords Delmont (Thorn-EMI) and Grade (ACC) along with Robert Stigwood are all for the moment dedicated to large budget productions aimed primarily at the American mass market. Merchant, needless to say, is passionately critical of this approach, arguing that a company with a \$14m investment in a picture must be much more worried about its future than one with 14 £1m pictures, but the latter is equally likely to hit the film jackpot.

Merchant's campaign is to gather three of four British film-makers together and have them offer a combined programme of perhaps a dozen pictures to be financed by a consortium. He argues that the basic investment is secure since these days television rights in a few countries can cover the original costs—a scheme that does not apply to a big budget picture. "In that number of pictures there will be one or two which will make £5-£6m or more."

Part of the Merchant theory is that big budgets breed bureaucracy and dreadful Hollywood waste. All you really need, he argues, is people who

are personally and financially involved in the picture to work themselves hard to make it succeed.

"We have everything here," he argues. "The producers, the directors, the technicians, the facilities, the actors. They are all marvellous." The one thing that is not available is British money to use those British resources. And so, with the words, "one does not have to do everything in America," the ebullient Merchant sprinted for the airport—he was late for his flight to New York.

Portugal comes dancing

A curious silence envelops Portuguese life between the hours of 8.35 p.m. and 9.15 p.m. five days a week. In cities, towns, and villages throughout Portugal, ignition keys are hoarded, the telephone switchboards go dead, and the bustle of pedestrian life evaporates, leaving only cats and dogs to pick the rubbish.

This is the time that Portuguese television screens its most popular programme, a Brazilian serial called *Dancing Days*. It is a low budget, poorly acted, and escapist piece of modern day soap opera which would be reserved for the bucket by most television companies in Western Europe, were it ever to be offered to them. Why then, its enormous popularity in Portugal?

One reason is that Portuguese television is on the whole low budget, poorly acted, and escapist piece of modern day soap opera which would be reserved for the bucket by most television companies in Western Europe, were it ever to be offered to them. Why then, its enormous popularity in Portugal?

The serial (it has been running for nearly a year and will probably run indefinitely) concentrates on the daily adventures of a middle-class family who live near Rio's Copacabana Beach. The story line is extremely thin and, as one

would expect from Copacabana Beach, revolves around fast cars and garish modern furniture.

The neon lighted floor, as the title suggests, is the mis en scene of the serial. The disco is where the photographer, the businesswoman, the student, the art collector, and the owner, play out their personal tragedies.

In post-revolutionary Portugal it is a striking social phenomena. Its record breaking TV ratings underline the extent to which Portugal's most important medium of communication has become depoliticised since the hot Communist summer of 1975. *Dancing Days* is the latest of a number of Brazilian soap operas which since their first appearance in 1977 has been gradually pushing aside the documentaries and the debates.

The influence of the serial reaches beyond the half-hour silence in the evening. *Dancing Days* magazine, with fan mail and pin-ups of the actors and actresses is fast outstripping the more serious newspapers in sales. One of these, a cultural magazine called *Sete* was in danger of folding under the editor dreamed up the idea of including a *Dancing Days* column. Sales rocketed overnight by 130 per cent.

The publishing world, in crisis in Portugal because of the economic recession, has also been boosted by the appearance of biographies and novels written not just by the author of *Dancing Days* but by the protagonists of the serial. They are among the few bits of this year's book festival.

Ironically the festival was originally conceived as a sales promotion for Luis de Camoes, Portugal's eminent poet who this year celebrates his 400th anniversary.

Dancing Days has also had a dramatic influence on the sale of colour TVs. As one salesman put it: "Viewers want a good look at the clothes and the hairstyles and black and white is just not good enough."

Lisbon University to study what academics have reacted to as a worrying corruption of the mainland Portuguese language by Brazilian slang.

Doctors are writing learned scientific papers about the negative effects of the TV serial. Since *Dancing Days* began Portuguese evening meals (traditionally from 8 to 9) have been turned rushed or simply ignored. Peptic ulcers are on the increase.

American maiden invasion

A discreet little cocktail party in the basement of the U.S. Embassy in London this week indicated that Uncle Sam is still pleased with two of his entrepreneurial protégées, Loin Bagnall and Gail Reitano for whom, I suspect, selling ice-boxes to Eskimos would come as an easy task. Ms. Bagnall and Ms. Reitano have managed to convince the American Small Business Administration that the middle of a recession is a good time for two young women to start selling consumer goods in a foreign market where unemployment is soaring. So far their determination has proved that they were right.

Bagnall and Reitano run quaintly named Maiden USA (Made in USA, get it?) which now holds the European rights for the products of Swank Inc., a U.S. major in the costume jewellery and small leather goods business. When the two some tried to convince New York bankers that they would make money selling up their advertising sales jobs and setting up shop in Europe they received a cool reception. They were, however, the answer to the prayers of a President eager to show himself as a supporter of minorities (or, perhaps, in the case of women, underprivileged majorities).

It was last year that Carter said he was going to foster female-owned business as much as he could, and early this year that he gave additional funds to the SBA for just that purpose. Bagnall and Reitano knocked on the SBA door and got the cash. "We were just in the right place at the right time."

There is probably a bit more to it than that. Friends at Fear Marwick helped with a financial presentation detailed enough to saturate the most nit-picking civil servant with figures. At the same time they applied a sales style which has sent such British retailers as Boots and Debenhams, Dickens and Jones and Austin Reed, rushing to sign order books. Over the next few months the brand name Swank and Biagi will start popping up on the store counters, and Bagnall and Reitano hope to be laughing at their way back to the banks that said go to them in the first place.

Contributors:

Antony Thornecroft
Arthur Sandles
Jimmy Burns

Economic Diary

Primaatium, 277 Pentonville Road, London, House coals and smokeless fuels price rise of about 5 per cent. Access cardholders' facility to draw cash advances of up to £100 a day when abroad. Presentation of National Free Enterprise awards for 1980—including Sir Hector Laing and Sheerness Steel Company. The old sixpence (21p) ceases to be legal tender.

WEDNESDAY—UK official reserves (June), Capital issues and redemptions (June). Monthly meeting of National Economic Development Council, House of

Commons Debates EEC documents on Budget, fisheries policy and on meeting of Foreign Affairs Council. Short debate in House of Lords on EEC Budget. Mr. Michael Heseltine addresses annual meeting of National Federation of Housing Associations, Royal Institute of British Architects, 66 Portland Place, London.

THURSDAY—Ford UK union leaders meeting management on proposed voluntary redundancies. First winner of £250,000 Premium Bond jackpot. SATURDAY—Mr. James Callaghan, Labour Party leader, speaks at Party rally, Market Hall, Brecon.

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Companies and Markets

UK COMPANY NEWS

Howard & Wyndham passes preference

Howard and Wyndham, publisher and retail jeweller, is passing its preference dividend due in July. The last dividend on the ordinary shares was an interim payment of 0.335 for 1978-79.

In May the directors reported that although the first half had shown a pre-tax profit of £105,000, the second half was traditionally the worse trading period and they expected a loss for the full year. The general malaise which started in the book trade in early 1979 had not changed, and they were considering measures which might include the rationalisation or realisation of the group's publishing assets. This was likely to result in substantial extraordinary losses for the year ending June 30, 1980.

They now state that in view of the continued unsettled conditions in publishing, it would be imprudent to pay a dividend on the 9 per cent convertible cumulative redeemable preferred shares 1980, and the 9 per cent special convertible cumulative redeemable preferred shares 1980.

The resignation of Mr. J. A. Cramer as a director has been accepted, and Mr. H. P. Tanner has been elected to the board.

Bamfords parent declines

TAXABLE PROFITS of Fredk. H. Burgess, unquoted agricultural engineer, fell to £1.92m in 1979 compared with £3.09m, after the exclusion of Bamfords, a 59.8 per cent subsidiary which went into voluntary liquidation on June 19, 1980.

The short-term outlook is not encouraging, say the directors. Turnover in the first five months of 1980 is roughly equivalent to the same period last year and costs have escalated rapidly. Nevertheless, they expect the group to maintain its position in the market.

Trading profits in 1979 slipped from £3.65m to £2.8m. Group sales increased by £7.2m to £36.6m. After lower tax of £318,038 (£704,715) there is a net profit of £1.7m (£2.39m). Burgess' investment of £901,573 in Bamfords' shares has been wholly written off as an extraordinary item. The group has given no guarantee to creditors or banks in respect of Bamfords.

PROV. LAUNDRIES

Provincial Laundries intends to convert compulsorily the outstanding balance of its 12 per cent convertible unsecured loan stock, 1986-88.

Countryside Props. 46% up but cautious on year

A 46 per cent rise in taxable profits, from £514,000 to £753,000, is reported by Countryside Properties for the half-year to March 31, 1980. But the directors warn that full-time results may not reach the record £1.31m achieved in the more favourable conditions of 1978-79, although they expect the outcome will be reasonable in the light of the present economic climate.

The interim dividend is being held at 1.4p adjusted for the four-for-one scrip and consolidation of 5p shares into 25p shares, the directors considering it prudent to do so in the light of current conditions. Last year's final was 2.1p.

The present high mortgage interest rates are adversely

Rediffusion marginally ahead: maintains 5.25p

AFTER THE downturn from £3.00m to £3.54m at midway, profits before tax of Rediffusion for the year ended March 31, 1980, amounted to £17.12m, slightly ahead of the previous year's £17.1m.

The directors of the group, controlled by British Electric Traction, are recommending a final dividend of 5p to maintain the year's total at 5.25p. Stated earnings per share are down from 9.3p to 8p.

Turnover amounted to £219.59m compared with £194.91m. Profit is after interest of £4.96m (£2.5m) depreciation £27.71m (£25.93m) and associates' profits of £3.74m against £2.94m.

Tax takes £10.48m (£9.43m) and there is also an extraordinary credit of £2.58m. This relates to a £6.29m profit on the sale of the Hong Kong property and £103,000 profit on the sale of

Barbados Rediffusion Service, less provisions for the cost of withdrawal from the following activities: telecommunications, £1.95m, radar-based simulation, £1.09m, and retailing of audio and other goods in the North East and certain music services, £1.08m.

● comment

Rediffusion shows a nearly 8 per cent rise in trading profit due mainly to a better performance in computers. However, after nearly doubled interest charges, the profit figure before associates' profit is down 6 per cent from last year. But it pulls level above the line thanks to a 20-month contribution from Rediffusion Television (which has a 50 per cent interest in Thames Television) of which £1m is from the odd eight months. The back-

bone television rental business plods along and there is as yet no report on customer discounts following a 10 per cent increase in tariffs early this month. CMC Europe, a Dutch data processing equipment marketing company acquired last July for £4.25m, has added £1m to pre-interest profit but also contributed significantly to the interest bill. Other computer operations moved from first-half loss to profit in the second half. The Hong Kong television station is making smaller losses and is said, as usual, to be moving the right way. Borrowings grew £35m last year and stand at 35 per cent of shareholders' funds. The shares were unmoved on the results and, at 74p, trading at 8.75 times stated earnings. The yield on an unchanged total dividend, is 10.7 per cent.

Scapa lifts payment to 6.55p

FROM TURNOVER of £78.68m against £71.06m, trading profits of Scapa Group were maintained at £10.3m against £10.25m, for the year ended March 31, 1980, but higher interest charges pushed pre-tax profits down from £5.7m to £5.25m.

The directors are recommending an increased final dividend of 3.75p (3.55p) to lift the year's total from 6.25p to 6.55p.

The increased interest charges were due partly to higher interest rates and partly to increased borrowings for capital expenditure needed to meet market opportunities and to maintain competitiveness.

Principal companies of the group are engaged in the manufacture and sale of paper machine clothing, filtration fabrics, pressed felt and a wide range of other specialised textiles for industrial purposes.

The year's tax charge is £3.88m (£3.13m) giving earnings per share of 18.5p compared with 20.7p.

Conditions in the UK were less favourable and profits were lower than in the previous year as a result of cost inflation and lower export margins, although the decline was contained by the continuing programme aimed at improving cost effectiveness.

North American operations had a good year in a buoyant economy.

● comment

In 1978-79, the British side of Scapa's business made the turning. Last year, despite the strength of the American business contributed 83 per cent of trading profit, and 58 per cent of pre-tax profits with financing charges bearing less heavily on U.S. earnings.

The paper industry, the main market for Scapa's American products, enjoyed a buoyant year, while the new products whose development depressed 1978-79 results started making real profits. Back home, exchange-rate pressure on export margins was felt most acutely in the paper machine, clothing and industrial textile divisions. The yarns division, with carpet-makers an important market, saw no better than break-even. Gearing now stands at almost 47 per cent, with some 60m of capital expenditure outstanding in the U.S. At 77p, up 7p, the dividend—two-and-a-half times covered on an historic basis, but just uncovered on current costs—yields almost 13 per cent. The shares stand on an historic p/e of 4.9 at a notional 52 per cent tax charge—though in practice the actual tax charge is largely incurred overseas.

Whiteley falls: omits dividend

A SHARP decline in pre-tax profits, from £356,040 to £187,344, is reported by K.S. and W. Whiteley, manufacturer of electrical insulating pressboard and multiple presspaper, for the year to March 31, 1980, and the dividend is omitted.

At midway, the surplus was down from £170,000 to £83,507, reflecting generally higher manufacturing costs and the closure of a major production machine for extended overhaul.

After a tax credit this time of £139,482 (£181,768), net profit is up from £174,236 to £236,326, lifting stated per-share earnings to 6.87p against 5.92p. Turnover went ahead from £9.19m to £7.53m.

A single dividend of 1.25p was paid last year.

Optimistic view from Kwik-Fit

DEPRESSED NEW car sales meant more business for the chain of free-fit battery, exhaust, shock absorber and tyre centres operated by Kwik-Fit (Tyres and Exhausts) Holdings. Mr. Alec Stansh, chairman, told shareholders at the annual meeting.

"If motorists have to keep their cars longer, we can only benefit from supplying them with 'dressed' products," he said.

Kwik-Fit, which bought Euro Exhausts for £10.2m last year,

was aiming at turnover of £25m this year by the end of which it would have 150 UK centres and 20 on the Continent. All Kwik-Fit and Euro Exhaust trading companies were to be renamed Kwik-Fit-Euro, although the holding company's name would remain the same.

Kwik-Fit has paid £38,212 for the outstanding 25 per cent of its subsidiary Kwik-Fit Southern, from Mr. S. H. Saunders, a director of Southern. The acquisition follows the exercise of an option by Mr. Saunders granted on the incorporation of Southern in 1975, and the consideration has been satisfied by the issue of 140,000 new ordinary shares, which Mr. Saunders intends to retain.

ISSUE NEWS

Charterhall rights issue to raise £3.7m

Charterhall, the oil and minerals group, is raising £3.7m by way of a rights issue of 6.9m 5p shares offered on the basis of one new share at 55p for every four held. The offer is to shareholders on the Melbourne register on June 27.

Mr. Derek Williams, chair-

man, said that the company should take participation in additional exploration and development ventures to increase the working capital and Charterhall has joined consortia comprising substantial companies and led by experienced international operators to apply

for licences in the seventh round of UK offshore licensing. Mr. Williams said that funds arising from the issue would increase the working capital and asset base of the group so as to enhance its financial position prior to application in the seventh round.

The offer, which is being underwritten by Carr Sebago and Co., closes on July 22.

Taking into account the proceeds from this issue and the cash flow expected from the Buchan Field, the Board believe the group is well placed to meet all anticipated commitments and take advantage of further opportunities for future development.

The offer, which is being underwritten by Carr Sebago and Co., closes on July 22.

Charterhall can certainly put the £3.7m it is raising through a rights issue to good use. It has a 5 per cent interest in a consortium led by Sunoco that is bidding with BP for some of the "black" oil fields in the North Sea seventh round. These are considered highly attractive but carry a 55m payment on signature and impose stiff drilling obligations. The group also has a 5 per cent interest in a consortium led by Monsanto that is applying for a licence in the South Western Approaches. At 55p a share, the rights are offered at very close to the company's underlying asset value, including the yet-to-be-produced Buchan Field. Nevertheless, the shares rose 5p to 80 yesterday, showing once again that second time oil shares are almost in a class by themselves these days.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The City registered surprise on Wednesday when Vickers and Kvaerner announced a planned merger. The basis of the deal is one Vickers share for two Kvaerner shares. It was thought that Vickers would not make any major moves until it had agreed compensation terms with the Government for its shipbuilding and aerospace nationalisation, but the group announced, also on Wednesday, that it had completed the sale of part of its office equipment interests to CIT-Alcatel, the French electronics group, for £25m, freeing about £15m of borrowings in the process.

Rosco Minsep, the specialist chemical group, made a £38m offer for Unicorn Industries on the basis of four Rosco ordinary shares plus three 8 1/2 per cent convertible second preference shares of £1 each and £3 of 10 per cent convertible loan stock, for ten Unicorn shares. An alternative offer of eight Rosco ordinary shares for every ten Unicorn is also available; this latter values Unicorn at approximately 131p per share, which compares with a market price of 85p prior to the bid.

Engineering concern Dobson Park made an agreed £14.2m bid for Wolf Electric Tools, the electric hand tool and accessory group. Dobson is offering eleven of its own shares, or eight shares plus 360p cash, for every twelve Wolf shares, valuing each Wolf share at around 105p. This compares with a price of 82p when the shares were suspended on Monday.

Far-Eastern plantation and investment group Yule Catta, which acquired a 25.5 per cent stake in Revertex in April, at 60p per share, has followed the move up with a bid for the remaining shares but the offer has been rejected as unsatisfactory. The terms of the bid are nine Yule Catta shares plus 11 1/2 per cent cumulative redeemable preference shares 1980-2003 for every 50 Revertex ordinary shares, which values the outstanding equity at just over 55m, or about 50p per share. Dealings in Bio-Kel Chemicals, the Worcester-based chemical manufacturer, which made its debut on the unlisted securities market last year, were suspended at the company's request following an approach which may lead to an offer for the issued share capital.

United Biscuits, through its American subsidiary Keebler, is expanding further into the U.S. with the £15.4m acquisition of the Ready Crust product line from Ward Foods. The acquisition of Ready Crust will be U.B.'s second major U.S. purchase since it bought Keebler, the country's second largest biscuit maker, for \$52m in 1974. Last April, U.B. paid \$60m for Specialty Brands, which distributes and prepares salad dressings and spices.

Thorn EMI and General Electric of the U.S. began urgent talks aimed at restructuring their £16m medical scanner deal after an anti-trust warning was issued by the Justice Department of Washington. The Department alleges that the deal as it stands would tend to create a monopoly, or lessen competition.

Company bid for	Value of bid per share	Price of bid	Value of bid before bid	Final bid
Barget	12 1/2	18	8.56	Tinnor
Bishopsgate	5 1/2	5	0.36	Biky. Hambro
Christy Bros.	30	36	0.60	Simon & Coates
Cray Elect.	31 1/2	38	3.4	Thurman. Tst.
Dolei Tea	270	275	0.29	Tategold
Keyser Ullmann	88	87	70 1/2	Churthe. Grp.
Lidstone	280	380	200	Greawalk
				Nominees
L. K. Industrial	16 1/2	18	0.20	Caparo Invs.
Land & Pwval.	500 1/2	470	287 1/2	Reed Intl.
Posta				Hong Leong
Manson Trust	39	35	33.3	Finance
McCleery L'Amie	19 1/2	18	17	Lamont
Netlonwide				
Leisure	6 1/2	6	0.56	Rantlodge
Revertex	80 1/2	91	44	Yule Catto
Stearns	10	7	38.41	Vickers
Turner (W. & E.)	87 1/2	83 1/2	48 1/2	J. Hepworth
Unicorn Inds.	131 1/2	120	121	Fosco
Wolf Electric	108 1/2	106	62	13.99 Dobson Park

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ** Date on which scheme is expected to become operative. *** Based on 15/80. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional. ¶¶ Ordinary share alternative.

Rights Issues

Anderson Strathclyde—Rights issue on the basis of one for four at 85p to raise £5.8m.

Asbury and Madeley—Rights issue on the basis of one for eight at 85p per share to raise £514,000.

Brengron Holdings—Rights issue on the basis of one for four at 18p per share and five for every £2 nominal of 10 per cent Convertible Unsecured Redeemable Loan Stock to raise £834,000.

Clive Discount—Rights issue on the basis of two for five at 34p per share to raise £2m after expenses.

Ferranti—Rights issue on the basis of one for one at 100p per share to raise £21.3m.

† Approximate figure before expenses.

Offers for sale, placings and introductions

SPO Minerals—Placing 1.5 million shares of 10p each at 80p to raise £11m net.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
ACC	Mar.	14,100	22.2	(15.8) 8.0
Anderson Strath	Mar.	5,900	(4.100) 12.2	(8.1) 4.0
Atwood Garages	Jan.	73	(93) 1.2	(1.6) 1.45
Austin (E.)	Mar.	511	(442) 41.2	(37.6) 5.25
Barclay Tea	Dec.	39L	(428) 8.1	(23.2) 5.0
Barlow Holdings	Dec.	3,980	(—) 3.7	(—) 3.0
B.E.T. Omnibus	Mar.	8,140	(8,160) 84.8	(80.7) 12.0
Booth (John)	Mar.	30	(194) 3.6	(10.4) 1.0
B.P. Industries	Mar.	47,100	(38,400) 37.8	(28.5) 8.0
Bridgman Holdings	Mar.	451	(26) 2.5	(0.5) (0.25)
Bridgman Process	Dec.	2,540	(2,580) 7.7	(2.2) 3.2
Bridgman Dredging	Dec.	370L	(94L) 1.4	(—) (—)
Brown & Tawse	Mar.	4,160	(3,810) 20.6	(30.7) 6.4
Burnett & H'shire	Mar.	7,320	(3,530) 89.6	(52.5) 8.0
Cattell	Mar.	974	(1,600) 2.5	(4.7) 2.1
Charter Cons.	Mar.	52,348	(44,547) 25.6	(21.9) 8.35
Chubb & Son	Mar.	7,220	(15,260) 4.9	(18.4) 5.34
Cosedge Hldgs.	Mar.	750L	(630) 2.3	(2.2) (—)
Control Secs.	Mar.	502	(141) 4.5	(1.3) 2.1
Cropper (James)	Mar.	887	(378) 53.8	(34.9) 4.0
Dennis (James H.)	Mar.	40	(151) 1.1	(4.8) 3.4
Dixor Strand	Mar.	297L	(71L) —	(—) (—)
Dorington Inv.	Mar.	1,010	(788) 6.4	(5.7) 4.0
Durapine Intl.	Dec.	806	(1,000) 6.6	(8.5) 2.8
Eastern Produce	Dec.	3,070	(2,832) 14.9	(13.2) 4.82
Electrocompuls.	Mar.	13,560	(10,094) 35.7	(26.9) 8.75
Elliot (R.)	Mar.	11,300	(4,950) 46.9	(44.9) 12.25
Elliot Group	Mar.	681	(813) 5.4	(4.0) 1.0
Evans of Leeds	Mar.	2,100	(1,850) 7.2	(6.2) 3.0
Ex-Lands	Dec.	63	(110) 1.2	(1.6) 0.56
Ferranti	Mar.	11,200	(9,900) 47.9	(42.2) 8.9
F.F.I.	Mar.	28,800	(24,000) 15.6	(14.3) 5.0
Giltspar	Mar.	4,550	(4,320) 16.3	(18.3) 4.2
Giltspar (James)	Mar.	1,060	(20.8) 27.8	(27.8) (—)
Halsall	Mar.	1,450	(1,130) 6.9	(4.9) 1.35
Hickling Pentecost	Mar.	744	(894) 25.0	(26.8) 9.0
Holden (Arthur)	Mar.	2,140	(1,820) 20.4	(17.9) 5.0
Humphries Hldgs.	Mar.	1,050	(600) 8.6	(9.2) (—)
J'hun & Barnes	Dec.	144L	(18L) —	(—) (—)
Joseph (Leopold)	Mar.	459L	(488) 15.8	(18.6) 9.5
L.C.P.	Mar.	6,810	(6,871) 8.8	(10.2) 3.0
Marshall's Halifax	Mar.	4,200	(2,070) 44.9	(34.9) 9.0
Mercantile House	Apr.	3,500	(2,605) 29.2	(23.9) 12.5
Moorgate Merc.	Mar.	400	(285) 2.6	(1.7) 0.75
Moran (C.)	Jan.	1,850	(2,040) 4.6	(5.3) 4.0
Paterson (R.)	Mar.	537	(780) 3.1	(4.8) 2.04
Plessey	Mar.	60,059	(46,348) 18.7	(13.1) 6.94
Polymark Intl.	Dec.	1,200	(1,153) 15.3	(10.3) 3.7
Powell & Croy	Mar.	15,894	(12,179) 39.9	(29.8) 13.25
Prop. Finships	Mar.	687	(397) 8.7	(5.5) 4.5
Radiant Metal	Feb.	269	(186) 10.6	(7.2) 3.0

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Redland	Mar.	57,290	(45,200) 20.9	(18.6) 8.87
Renold	Mar.	1,050	(1,650) 4.8	(8.0) 2.0
Renold Group	Mar.	8,221	(10,198) 7.9	(18.0) 8.0
Shaw Carparts	Mar.	1,800	(1,570) 15.1	(18.3) 3.5
Sketchley	Mar.	5,740	(4,940) 38.4	(28.8) 5.2
Sonic	Mar.	137	(354) 3.1	(7.5) 2.68
Stead & Simpson	Mar.	3,810	(3,300) 13.2	(11.5) 3.25
Swan (John)	Apr.	164	(210) 10.9	(18.0) 6.75
Tecalemit	Mar.	4,770	(4,610) 11.4	(12.6) 3.13
Textured Jersey	Apr.	885	(673) 16.4	(13.2) 4.5
Wheway Watson	Mar.	510	(910) 1.2	(3.4) 1.16
Whitecroft	Mar.	4,970	(5,030) 12.7	(20.1) 7.7
Whitington Eng.	Mar.	184	(225) 11.0	(14.7) 3.5
Wilkinson Match	Mar.	14,072	(18,002) 14.6	(34.4) 8.0

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Brald Group	Mar.	150L	(275) —
Cronite Group	Mar.	145	(237) 0.8
First National	Apr.	825	(3,870) —
Flexello Casters	Mar.	171	(427) 1.41
Great Northern	Mar.	2,890	(1,930) 2.0
Hards & Hansons	Mar.	1,170	(900) 3.0
Halsall	Mar.	1,820	(1,820) 0.75
Jackson (J&H)	Mar.	2,580	(2,710) 1.75
Kemling Motor	Mar.	712	(840) 1.85
Lonsdale Univ.	Mar.	406	(804) 1.4
Lookers	Mar.	29	(931) —
Muirhead	Mar.	5,170	(4,320) 1.26
Rothschild Corp.	Mar.	19,300	(19,200) 2.25
Trident	Mar.	323	(250) 0.6
Vectis Stone	Mar.	179	(90) 1.0
Western Selection	Mar.	99	(280L) 0.9
Whitings	Mar.	—	(—) (—)

* Figures in parentheses are for corresponding period. † Dividends shown net except where otherwise stated. ‡ Up to date in current 18 months period. § For previous seven months. L Loss. † Profits after tax. ‡ Net losses. a For previous 15 months. b For 18 months period.

Scrip Issues

K. Austin and Sons—Three for one.

Control Securities—One for ten.

Marshall's (Halifax)—One for one.

Tecalemit—One for two.

Company	Value of bid per share	Price of bid	Value of bid before bid	Final bid
Barget	12 1/2	18	8.56	Tinnor
Bishopsgate	5 1/2	5	0.36	Biky. Hambro
Christy Bros.	30	36	0.60	Simon & Coates
Cray Elect.	31 1/2	38	3.4	Thurman. Tst.
Dolei Tea	270	275	0.29	Tategold
Keyser Ullmann	88	87	70 1/2	Churthe. Grp.
Lidstone	280	380	200	Greawalk
				Nominees
L. K. Industrial	16 1/2	18	0.20	Caparo Invs.
Land & Pwval.	500 1/2	470	287 1/2	Reed Intl.
Posta				Hong Leong
Manson Trust	39	35	33.3	Finance
McCleery L'Amie	19 1/2	18	17	Lamont
Netlonwide				
Leisure	6 1/2	6	0.56	Rantlodge
Revertex	80 1/2	91	44	Yule Catto
Stearns	10	7	38.41	Vickers
Turner (W. & E.)	87 1/2	83 1/2	48 1/2	J. Hepworth
Unicorn Inds.	131 1/2	120	121	Fosco
Wolf Electric	108 1/2	106	62	13.99 Dobson Park

BSG makes big cuts in costs

MASSIVE CUTS in overheads at the expense of hundreds of jobs have been made by BSG International, particularly in non-productive areas, shareholders were told at yesterday's annual meeting. The Board's aim is to reduce the company's gearing to about 0.6 to 1 by the middle of 1981.

This is a programme activated by the Board in which it will be helped by the company's merchant bankers.

The management consultancy division of Arthur Andersen and Co. has been called in to streamline and check internal systems and procedures in the distribution and manufacturing companies.

At other meetings the chairman said: "Matthew Hall and Co.—At home we continue to win a good share of the available workload in the construction industry."

"P. C. Henderson Group—We continue to be cautious but remain confident of our ability to weather current conditions and to maintain our progressive trend over the medium term."

"Frederick Holdings—I believe that the outcome of the group's 1980 trading year will be a reasonably satisfactory result in all the prevailing circumstances."

IN BRIEF

LONDON AND ASSOCIATED INVESTMENT TRUST—Results for 1979 (same) Loss £24,222 (£21,158 profit) before tax £20,840 (£23,311). Attributable loss £20,467 (£17,698 profit) after extraordinary items (£24,025 (£24,025)). Chairman states since financial year-end company has disposed of quoted shares to value of some £200,000. This has allowed the company to raise term borrowings and now virtually without gearing except for small-term bank loans which will be amortised over next five years and the unsecured loan stock which he anticipates will be converted into ordinary shares in due course. Company has retained bulk of portfolio which has market value of about £500,000.

JOHN J. LEES (confectionery manufacturer) for year to March 31, 1980, £1,000 (£1,480). Profit £23,857 (£77,101) before tax £26,840 (£47,495). Earnings per 10p share 5.25p (4.67p). Total dividend 1.85p, making 7.10p (5.52p) net.

HELENIC AND GENERAL TRUST—Group income for year to March 31, 1980, £1,254,498 (15 months £1,093,470). Pre-tax profit £1,158,883 (£94,089). The £245,862 (£415,163). Company is owned by Merchandise and Investment Trust, a wholly-owned subsidiary of 400 shareholders.

SCHLESINGER AMERICAN INVESTMENTS—Net income for year to April 30, 1980, £408,058 (£476,792). Second interim 4.25p, making 7.25p (seems), payable July 31.

NORTHERN GOLDMINE COMPANY (metal, jewellery and bookcase) Results for year to February 28, 1980, reported June 18. Shareholders' funds £2.1m (£2.6m). Bank balances and cash £48,444 (£21,025). Dividends £48,011 (£22,048). Chairman states that an increased contribution is expected from bookmaking, but current year trading for the jewellery division has started very quietly. Meeting, Newcastle upon Tyne, July 18 at noon.

NORTHERN SECURITIES TRUST—Results for year to March 31, 1980, reported June 20. Investments £7.11m (£7.99m). Dividends £19. Finebury Group, £22, July 12, 20p net.

EASTERN PRODUCE (HOLDINGS)—Results for 1979 already reported. Dividends, bonuses and cash £2,220m (£2.57m). Chairman states that the company is expected to make a contribution to the group's 1980 trading year will be a reasonably satisfactory result in all the prevailing circumstances."

Stock Exchange dealings

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest market prices recorded during the four business days. These are distinguished by the date shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 2.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessary in order of execution, and only one bargain in any one security at any one price is recorded.

Bargains at Special Prices. A Bargain done with or without non-members. B Bargaining done previous day. C Bargain done with members of a recognised Stock Exchange. D Bargains done for delayed delivery or "no buying-in".

SA—Australia; SB—Bahamas; SC—Canada; SD—Hong Kong; SE—Singapore; SF—Switzerland; SG—Switzerland; SH—Switzerland; SI—Switzerland; SJ—Switzerland; SK—Switzerland; SL—Switzerland; SM—Switzerland; SN—Switzerland; SO—Switzerland; SP—Switzerland; SQ—Switzerland; SR—Switzerland; SS—Switzerland; ST—Switzerland; SU—Switzerland; SV—Switzerland; SW—Switzerland; SX—Switzerland; SY—Switzerland; SZ—Switzerland; TA—Switzerland; TB—Switzerland; TC—Switzerland; TD—Switzerland; TE—Switzerland; TF—Switzerland; TG—Switzerland; TH—Switzerland; TI—Switzerland; TJ—Switzerland; TK—Switzerland; TL—Switzerland; TM—Switzerland; TN—Switzerland; TO—Switzerland; TP—Switzerland; TQ—Switzerland; TR—Switzerland; TS—Switzerland; TT—Switzerland; TU—Switzerland; TV—Switzerland; TW—Switzerland; TX—Switzerland; TY—Switzerland; TZ—Switzerland; UA—Switzerland; UB—Switzerland; UC—Switzerland; UD—Switzerland; UE—Switzerland; UF—Switzerland; UG—Switzerland; UH—Switzerland; UI—Switzerland; UJ—Switzerland; UK—Switzerland; UL—Switzerland; UM—Switzerland; UN—Switzerland; UO—Switzerland; UP—Switzerland; UQ—Switzerland; UR—Switzerland; US—Switzerland; UT—Switzerland; UV—Switzerland; UW—Switzerland; UX—Switzerland; UY—Switzerland; UZ—Switzerland; VA—Switzerland; VB—Switzerland; VC—Switzerland; VD—Switzerland; VE—Switzerland; VF—Switzerland; VG—Switzerland; VH—Switzerland; VI—Switzerland; VJ—Switzerland; VK—Switzerland; VL—Switzerland; VM—Switzerland; VN—Switzerland; VO—Switzerland; VP—Switzerland; VQ—Switzerland; VR—Switzerland; VS—Switzerland; VT—Switzerland; VU—Switzerland; VV—Switzerland; VW—Switzerland; VX—Switzerland; VY—Switzerland; VZ—Switzerland; WA—Switzerland; WB—Switzerland; WC—Switzerland; WD—Switzerland; WE—Switzerland; WF—Switzerland; WG—Switzerland; WH—Switzerland; WI—Switzerland; WJ—Switzerland; WK—Switzerland; WL—Switzerland; WM—Switzerland; WN—Switzerland; WO—Switzerland; WP—Switzerland; WQ—Switzerland; WR—Switzerland; WS—Switzerland; WT—Switzerland; WU—Switzerland; WV—Switzerland; WW—Switzerland; WX—Switzerland; WY—Switzerland; WZ—Switzerland; XA—Switzerland; XB—Switzerland; XC—Switzerland; XD—Switzerland; XE—Switzerland; XF—Switzerland; XG—Switzerland; XH—Switzerland; XI—Switzerland; XJ—Switzerland; XK—Switzerland; XL—Switzerland; XM—Switzerland; XN—Switzerland; XO—Switzerland; XP—Switzerland; XQ—Switzerland; XR—Switzerland; XS—Switzerland; XT—Switzerland; XU—Switzerland; XV—Switzerland; XW—Switzerland; XX—Switzerland; XY—Switzerland; XZ—Switzerland; YA—Switzerland; YB—Switzerland; YC—Switzerland; YD—Switzerland; YE—Switzerland; YF—Switzerland; YG—Switzerland; YH—Switzerland; YI—Switzerland; YJ—Switzerland; YK—Switzerland; YL—Switzerland; YM—Switzerland; YN—Switzerland; YO—Switzerland; YP—Switzerland; YQ—Switzerland; YR—Switzerland; YS—Switzerland; YT—Switzerland; YU—Switzerland; YV—Switzerland; YW—Switzerland; YX—Switzerland; YY—Switzerland; YZ—Switzerland; ZA—Switzerland; ZB—Switzerland; ZC—Switzerland; ZD—Switzerland; ZE—Switzerland; ZF—Switzerland; ZG—Switzerland; ZH—Switzerland; ZI—Switzerland; ZJ—Switzerland; ZK—Switzerland; ZL—Switzerland; ZM—Switzerland; ZN—Switzerland; ZO—Switzerland; ZP—Switzerland; ZQ—Switzerland; ZR—Switzerland; ZS—Switzerland; ZT—Switzerland; ZU—Switzerland; ZV—Switzerland; ZW—Switzerland; ZX—Switzerland; ZY—Switzerland; ZZ—Switzerland; AA—Switzerland; AB—Switzerland; AC—Switzerland; AD—Switzerland; AE—Switzerland; AF—Switzerland; AG—Switzerland; AH—Switzerland; AI—Switzerland; AJ—Switzerland; AK—Switzerland; AL—Switzerland; AM—Switzerland; AN—Switzerland; AO—Switzerland; AP—Switzerland; AQ—Switzerland; AR—Switzerland; AS—Switzerland; AT—Switzerland; AU—Switzerland; AV—Switzerland; AW—Switzerland; AX—Switzerland; AY—Switzerland; AZ—Switzerland; BA—Switzerland; BB—Switzerland; BC—Switzerland; BD—Switzerland; BE—Switzerland; BF—Switzerland; BG—Switzerland; BH—Switzerland; BI—Switzerland; BJ—Switzerland; BK—Switzerland; BL—Switzerland; BM—Switzerland; BN—Switzerland; BO—Switzerland; BP—Switzerland; BQ—Switzerland; BR—Switzerland; BS—Switzerland; BT—Switzerland; BU—Switzerland; BV—Switzerland; BW—Switzerland; BX—Switzerland; BY—Switzerland; BZ—Switzerland; CA—Switzerland; CB—Switzerland; CC—Switzerland; CD—Switzerland; CE—Switzerland; CF—Switzerland; CG—Switzerland; CH—Switzerland; CI—Switzerland; CJ—Switzerland; CK—Switzerland; CL—Switzerland; CM—Switzerland; CN—Switzerland; CO—Switzerland; CP—Switzerland; CQ—Switzerland; CR—Switzerland; CS—Switzerland; CT—Switzerland; CU—Switzerland; CV—Switzerland; CW—Switzerland; CX—Switzerland; CY—Switzerland; CZ—Switzerland; DA—Switzerland; DB—Switzerland; DC—Switzerland; DD—Switzerland; DE—Switzerland; DF—Switzerland; DG—Switzerland; DH—Switzerland; DI—Switzerland

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THE INVESTMENT TRUST TABLE

as at close of business on Monday 23rd June 1980										as at close of business on Monday 23rd June 1980										as at close of business on Monday 23rd June 1980										as at close of business on Monday 23rd June 1980									
Geographical Spread at 31st May 1980										Geographical Spread at 31st May 1980										Geographical Spread at 31st May 1980										Geographical Spread at 31st May 1980									
Total Assets less Current Liabilities (1) £ million										Total Assets less Current Liabilities (1) £ million										Total Assets less Current Liabilities (1) £ million										Total Assets less Current Liabilities (1) £ million									
Company (2)										Company (2)										Company (2)										Company (2)									
Share Price (3) pence										Share Price (3) pence										Share Price (3) pence										Share Price (3) pence									
Yield (4) %										Yield (4) %										Yield (4) %										Yield (4) %									
Net Asset Value (5) pence										Net Asset Value (5) pence										Net Asset Value (5) pence										Net Asset Value (5) pence									
UK (6) %										UK (6) %										UK (6) %										UK (6) %									
Nth. Amer. (7) %										Nth. Amer. (7) %										Nth. Amer. (7) %										Nth. Amer. (7) %									
Japan (8) %										Japan (8) %										Japan (8) %										Japan (8) %									
Other (9) %										Other (9) %																													

[illegible]

LONDON STOCK EXCHANGE

Oils dominate dreary end-Account session in equities
Gilts easier and long tap stock ends at 1/4 discount

Account Dealing Dates
Options
*First Declared Last Account
Dealing Date
June 16 June 26 June 27 July 7
June 20 July 10 July 11 July 21
July 14 July 24 July 25 Aug. 4

Stock markets passed the last session of the fortnightly trading Account in dreary fashion with interest confined to specialist sectors. Among these, Oils enjoyed a much broader trade than on Thursday, and the business was spread over the whole range of North Sea stocks, particularly the more speculative issues. Leading Oils were relatively subdued. Speculation also continued in one or two Electricals with Ferranti again being especially prominent pending the placing of the NEB's 50 per cent stake.

End-Account selling took leading shares slightly lower at the start and the decline gathered momentum as Gilts edged upwards. When trading commenced the usual half an hour later, business was generally slow throughout the session, but picked up after the official close

when trade for the Account began on Monday is allowed without new-time penalty. As a result, the FT 30-share index rallied from being 4.4 lower at 3 pm to close 3.2 down on balance at 463.5 for a net rise on the two-week Account of 7 points.

The market in British Funds was adversely affected by a surfeit of stock. Early selling forced some longer maturities down before the time improved helped by the Bank of England's decision to revive the Gilt-edged sale and repurchase facility to the banking system. The longer-dated of Thursday's two new tap stocks, Treasury 1 1/2 per cent 2000, slipped to 1 discount in 230-paid form, but the shorter issue, Exchequer 1 1/2 per cent 1985 A (£40-paid), held at par. Final losses of around 1 were general at both ends of the market, but sentiment tended to improve slightly after-hours following news of U.S. Prime rate cuts to 11 1/2 per cent.

Brokers firm
Southern Rhodesias boards were often a couple of points firmer when their listings were suspended pending details of the

arrangements agreed for the payment of debt which will be announced simultaneously in London and Salisbury early next week. The 2 1/2 per cent 1985-7 bond closed two points up at 153.

Demand for Traded options improved and contracts arranged amounted to 1,183, the highest total of the week, and brought the week's daily average to 822. Insurance brokers met with scattered support after the recommendations contained in the Fisher Report were followed. Alexander Rowden adding 2 to 104p and C.E. Heath firming 3 to 193p. Willis Faber improved 4 to 236p.

Barely tested during the House session, the major clearing banks moved ahead in the afternoon's dealings and Barclays were finally 4 firm at 395p while Lloyds closed 5 up at 329p.

Basic, initially firm at 232p, became unsettled by Press comment on the current brewery workers' dispute at Burton-on-Trent and the close was 4 cheaper on balance at 222p. Distillers were featured by Highland which continued to attract speculative support and firmed 7 more to 147p; the outcome of the Monopolies Commission's investigation into the offer from Hiram Walker is expected during July.

Building issues usually lost ground, but selling pressure was light. Redland, at 172p, gave back 5 of the previous day's gain of 7 which reflected better-than-expected results, while sporadic offerings left Brown and Jackson 8 off at 128p. Up 25 on Thursday in response to the more-than-doubled profits, Burnett and Halliwell shed 15 to 665p. In Timbers, Montague L. Meyer closed 3 easier at 92p, after 90p, and Phoenix relinquished 5 to 110p. Elsewhere 48 offered and added 3 to 81p, while P.C. Henderson A firmed 5 for a two-day gain of 10 to 155p in a thin market. Countrywide Properties shed 3 to 61p; the reference here yesterday to the company's return to profitability at the interim stage was in error, profits of £73,000 for the six months to end-March comparing with £514,000 in the same period of 1978-79.

Interest in ICI increased in the after hours dealings and the price was finally unchanged at 382p, after 375p.

Moderate remained a dull market, falling 6 more to 545p following sharply reduced first-quarter sales. Woolworth, unsettled by the recession in sum-

mer trading, eased 3 to 561p, only 1 1/2 off the 1980 low, on reports that the company has asked staff to take unpaid leave. Other Store leaders responded to late buying which halved earlier losses. GUS A ended just off at 428p, while Marks and Spencer also closed 2 cheaper, at 90p.

Ferranti volatile
Ferranti became a volatile market following the FT report that the Government has instructed the NEB to place its 50 per cent holding in the company as widely as possible; the shares reacted to 555p but recovered to 589p and closed a net 10 down at 580p. Elsewhere in Electricals, Mithelred continued a poor market on the interim results announced earlier in the week and gave up 7 to 118p, while news of further redundancies continued to under-

mine BSR which gave up 2 for a fall on its week of 7 to 22p. In contrast, STC found buyers and rose 4 more to 360p, while Telephone Rentals were also supported and rose 9 to 233p. Distillers were featured by Highland which continued to attract speculative support and firmed 7 more to 147p; the outcome of the Monopolies Commission's investigation into the offer from Hiram Walker is expected during July.

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Building issues usually lost ground, but selling pressure was light. Redland, at 172p, gave back 5 of the previous day's gain of 7 which reflected better-than-expected results, while sporadic offerings left Brown and Jackson 8 off at 128p. Up 25 on Thursday in response to the more-than-doubled profits, Burnett and Halliwell shed 15 to 665p. In Timbers, Montague L. Meyer closed 3 easier at 92p, after 90p, and Phoenix relinquished 5 to 110p. Elsewhere 48 offered and added 3 to 81p, while P.C. Henderson A firmed 5 for a two-day gain of 10 to 155p in a thin market. Countrywide Properties shed 3 to 61p; the reference here yesterday to the company's return to profitability at the interim stage was in error, profits of £73,000 for the six months to end-March comparing with £514,000 in the same period of 1978-79.

Interest in ICI increased in the after hours dealings and the price was finally unchanged at 382p, after 375p.

Moderate remained a dull market, falling 6 more to 545p following sharply reduced first-quarter sales. Woolworth, unsettled by the recession in sum-

mer trading, eased 3 to 561p, only 1 1/2 off the 1980 low, on reports that the company has asked staff to take unpaid leave. Other Store leaders responded to late buying which halved earlier losses. GUS A ended just off at 428p, while Marks and Spencer also closed 2 cheaper, at 90p.

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night level of 137p, but still recorded a loss on the week of 3 on disappointing results.

Johnson Matthey good
Still reflecting recent Press comment suggesting a possible bid from Charter Consolidated, Johnson Matthey were in renewed demand and put on 20 for a gain on the week of 37 to 367p.

The company's diminishing share of the UK car market unsettled B.L. dealers. Applavard featured, falling 6 to 44p, while Lex Service, 74p, and Manor National, 19p, each shed 3. Cairns gave up 5 to 115p. Selected Components were also hit by uncertainty over the general health of the British car industry with Lucas 3 easier for a loss on the week of 13 at 187p. Associated Engineering dipped 3 to 54p.

Among Newspapers, Associated attracted fresh support and rose 10 to 360p, while Dailly Mail A jumped 12 to 515p. Elsewhere, BPC were again buoyed by the TV Times contract, rising 2 1/2 for a two-day gain of 4 1/2 to 22p.

Active day in Oils
Enlivened by expectations of further drilling reports from some of the North Sea exploration issues, Oil shares enjoyed an active and firm day's trading. Still reflecting the discovery near the Ninian field, Lasse advanced 42 more to 792p, while Tricentred closed 14 to the good at 400p, after 414p, following the appraisal of well 211/18A.

Speculation about a possible gain of 12 to 26p in Berberye region in the North Sea stimulated interest in Pict Petroleum which gained 20 to 460p. Basic Resources advanced 85 to 610p and Clyde 34 to 634p, while Seibens closed 24 higher at 284p and Candeeva 13 to the good at 222p. News of the £24 million loan failed to deter Charterhall which improved 5 to 80p. Awaiting next Tuesday's preliminary figures, IC Gas gained 20 to 874p. Trusts closed a shade firmer, reflecting the strength of the Oil sector, Atlantic Assets hardened

generally only modest, early support.

General Funds Com. Scot. Northern
General Funds Com. Scot. Northern
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NEW HIGHS (87)
NEW HIGHS (87)
NEW HIGHS (87)

NEW LOWS (20)
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FINANCIAL TIMES STOCK INDICES

	June 27	June 28	June 29	June 30	June 30	June 30
Government Seco...	89.35	69.47	69.78	69.65	70.05	70.55
Fixed Interest...	70.94	70.94	70.93	70.90	70.89	70.94
Industrial...	463.5	466.7	465.5	468.7	469.3	471.4
Gold Mines...	349.7	346.9	345.5	324.5	318.7	326.1
Ord. Div. Yield	7.73	7.65	7.68	7.75	7.68	7.69
Earnings, Yld. % of 10	18.68	18.42	18.49	18.06	18.41	18.39
P/E Ratio (net C)	6.51	6.31	6.58	6.35	6.61	6.64
Total bargains	23,816	31,893	30,567	19,391	22,699	31,979
Equity turnover \$m.	—	164.34	115.67	101.36	126.56	141,753
Equity bargains total	—	16,596	15,525	15,394	16,402	16,882

**AUTHORISED
UNIT
TRUSTS**

[illegible][illegible][illegible][illegible]

OFFSHORE & OVERSEAS FUNDS

Alhany Food Management Limited	N.V. Interheer
125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, 449, 451, 453, 455, 457, 459, 461, 463, 465, 467, 469, 471, 473, 475, 477, 479, 481, 483, 485, 487, 489, 491, 493, 495, 497, 499, 501, 503, 505, 507, 509, 511, 513, 515, 517, 519, 521, 523, 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198	76	Alcan Aluminum	81		6.6	1.3	1.7
108	70	Allen W.G.	82		2.9	3.4	2.4
92	52	Amval. Power	65		6.6	6.8	15.5
95	56	Ander. S. Clyde	85	+3	2.1	3.4	6.7
106	75	Ash & Leach	176	-2	115		
125	145	Asa, British 12-ep			8		
144	55	Assoc. Treas.	48		13.05	1.1	9.0
145	40	Assoc. Trill. 10p	52		6.78	1.7	1.1
146	102	Barrow Film	111	+1	6.76	1.9	1.8
148	54	Austin (James)	56		7.67	3.0	1.9
156	76	Babcock Int'l	94	+1	14.0	2.1	0.6

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